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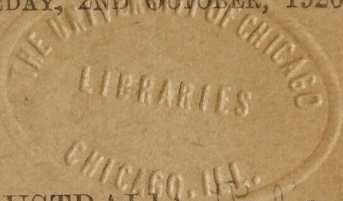
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[ISSUED SATURDAY, 2ND OCTOBER, 1920.



COMMONWEALTH OF AUSTRALIA. *Parliament*

PARLIAMENTARY DEBATES.

FIRST SESSION, 1920.

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EIGHTH PARLIAMENT.

FIRST SESSION.

Governor-General.

His Excellency the Right Honorable Sir RONALD CRAUFURD MUNRO FERGUSON, a Member of His Majesty's Most Honorable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, and Commander-in-Chief in and over the Commonwealth of Australia.

Australian National Government.

(From 10th January, 1918.)

Prime Minister and Attorney-General ..	..	The Right Honorable William Morris Hughes, P.C., K.C.
Minister for the Navy ..	..	The Right Honorable Sir Joseph Cook, P.C., G.C.M.G.
		<i>Succeeded by</i>
		The Honorable W. H. Laird Smith (28th July, 1920).
Treasurer ..	..	The Right Honorable Lord Forrest, P.C., G.C.M.G.
		<i>Succeeded by</i>
		The Right Honorable William Alexander Watt, P.C. (27th March, 1918.)††††
		<i>Succeeded by</i>
		The Right Honorable Sir Joseph Cook, P.C., G.C.M.G. (28th July, 1920).
Minister for Defence ..	..	The Honorable George Foster Pearce.
Minister for Repatriation ..	..	The Honorable Edward Davis Millen.
Minister for Works and Railways ..	..	The Right Honorable William Alexander Watt, P.C.
		<i>Succeeded by</i>
		The Honorable Littleton Ernest Groom (27th March, 1918).
Minister for Home and Territories ..	..	The Honorable Patrick McMahon Glynn, K.C. ††
		<i>Succeeded by</i>
		The Honorable Alexander Poynton (4th February, 1920).
Minister for Trade and Customs ..	..	The Honorable Jens August Jensen.†
		<i>Succeeded by</i>
		The Right Honorable William Alexander Watt, P.C. (13th December, 1918).
		<i>Succeeded by</i>
		The Honorable Walter Massy Greene (17th January, 1919).
Postmaster-General ..	..	The Honorable William Webster. †††
		<i>Succeeded by</i>
		The Honorable George Henry Wise (4th February, 1920).
Vice-President of the Executive Council ..	..	The Honorable Littleton Ernest Groom.
		<i>Succeeded by</i>
		The Honorable Edward John Russell (27th March, 1918).
Honorary Minister ..	..	The Honorable Edward John Russell.
Honorary Minister ..	..	Appointed Vice-President of the Executive Council, 27th March, 1918.
Honorary Minister ..	..	The Honorable Alexander Poynton.
Honorary Minister ..	..	Appointed Minister for Home and Territories, 4th February, 1920.
Honorary Minister ..	..	The Honorable George Henry Wise.
Honorary Minister ..	..	Appointed Postmaster-General, 4th February, 1920.
Honorary Minister ..	..	The Honorable Walter Massy Greene.
Honorary Minister ..	..	Appointed Minister for Trade and Customs, 17th January, 1919.*
Honorary Minister ..	..	The Honorable Richard Beaumont Orchard.**
Honorary Minister ..	..	The Honorable Sir Granville de Laune Ryrie, K.C.M.G., C.B., V.D. ††
Honorary Minister ..	..	The Honorable William Henry Laird Smith.††
Honorary Minister ..	..	Appointed Minister for the Navy, 28th July, 1920.
Honorary Minister ..	..	The Honorable Arthur Stanislaus Rodgers.**†

* Appointed 26th March, 1918.—† Removed from office, 13th December, 1918.—** Resigned office, 31st January, 1919.—†† Appointed 4th February, 1920.—††† Resigned 3rd February, 1920.—†††† Resignation from office gazetted, 15th June, 1920.—*** Appointed 28th July, 1920.

Senators.

(From 1st July, 1920.)

President—Senator the Honorable Thomas Givens.

Chairman of Committees—Senator Thomas Jerome Kingston Bakhap.

*Adamson, John, C.B.E. (Q.)	*Glasgow, Sir Thomas William, K.C.B., C.M.G., D.S.O. (Q.)
Bakhap, Thomas Jerome Kingston (T.)	*Guthrie, James Francis (V.)
*Benny, Benjamin (S.A.)	Guthrie, Robert Storrie (S.A.)
Bolton, William Kinsey, C.B.E., V.D. (V.)	Henderson, George (W.A.)
*Buzacott, Richard (W.A.)	Keating, Hon. John Henry (T.)
*Cox, Charles Frederick, C.B., C.M.G. (N.S.W.)	*Lynch, Patrick Joseph (W.A.)
Crawford, Thomas William (Q.)	Millen, Hon. Edward Davis (N.S.W.)
De Largie, Hon. Hugh (W.A.)	*Millen, John Dunlop (T.)
*Drake-Brockman, Edmund Alfred, C.B., C.M.G., D.S.O. (W.A.)	*Newland, John (S.A.)
*Duncan, Walter Leslie (N.S.W.)	*Payne, Hon. Herbert James Mockford (T.)
Earle, Hon. John (T.)	*Pearce, Hon. George Foster (W.A.)
*Elliott, Harold Edward, C.B., C.M.G., D.S.O., D.C.M. (V.)	*Plain, William (V.)
Fairbairn, George (V.)	Pratten, Herbert Edward (N.S.W.)
Foll, Hattil Spencer (Q.)	Reid, Matthew (Q.)
*Foster, George Matthew (T.)	*Rowell, James, C.B. (S.A.)
*Gardiner, Albert (N.S.W.)	*Russell, Hon. Edward John (V.)
*Givens, Hon. Thomas (Q.)	Senior, William (S.A.)
	Thomas, Hon. Josiah (N.S.W.)
	*Wilson, Reginald Victor (S.A.)

1. Appointed Temporary Chairman of Committees, 21st July, 1920. 2. Elected 13th December, 1919. Sworn 21st July, 1920. 3. Appointed Temporary Chairman of Committees, 26th February, 1920. * Elected 13th December 1919. Sworn, 1st July 1920.

own. There this question has been very closely investigated by a Royal Commission, which in its report says—

Our proposals will have the following results:—

No wholly earned income will pay tax if it does not exceed—

£150 in the case of a bachelor.

£250 in the case of a married couple without children.

£350 in the case of a married couple with three children.

No wholly earned income will be charged at more than half the standard rate of tax if it does not exceed—

£400 in the case of a bachelor.

£500 in the case of a married couple without children.

£600 in the case of a married couple with three children.

No wholly invested income will pay tax if it does not exceed—

£135 in the case of a bachelor

£235 in the case of a married couple without children.

£315 in the case of a married couple with three children.

No wholly invested income will be charged at more than half the standard rate of tax if it does not exceed—

£360 in the case of a bachelor.

£450 in the case of a married couple without children.

£540 in the case of a married couple with three children.

Then, examples are given as to how these payments pan out. That Commission was composed of men who possess an intimate knowledge of income tax matters—a much greater knowledge than we can possibly possess, seeing that the first British income tax was imposed as far back as 1842.

The income tax was originally imposed in Great Britain as a war tax, and, although it has never been entirely repealed, it has been altered from time to time to meet the circumstances of the Treasury. At times the rate of tax was small; at other times, when the need for revenue was greater, as for instance during the period of the Boer War, a considerable sum was raised by this means, of paying the cost of the war. The Government would be justified in increasing the exemption. Unfortunately, the matter of imposing taxation is entirely within the hands of the Government. That is an old constitutional practice, established no doubt as a safeguard against any crank reducing the amount of tax, and thus leaving the Government with insufficient funds with which to carry on the administration. A wise Government, however, will raise

only sufficient money as is necessary to carry on the affairs of State. A Government which raises more money than is necessary shows that it does not understand the principles of finance, because it is extracting more money from the people, by way of taxation, than is justified. That policy is not conducive to the well-being of the country.

For some time past honorable members have been asking the Treasurer to explain the curves of the second and third degrees. These curves were brought under the notice of the British Taxation Commission, and also an American Commission. Both admitted that this is the most just system of levying taxation. Under the system first adopted by this Parliament, and still in operation in the States, a man is taxed, say, eightpence in the £1 on an income of £700, and if his income is a few pounds in excess of that amount the rate of tax is increased a penny. That system is not just. The British Commission admitted that, although the curves were not understood by the ordinary citizen they worked out with absolute accuracy and justice to the taxpayer. They represent the most equitable system of arriving at the proper amount of taxation to be paid by each individual.

Reverting to the matter of exemptions. In the United States there is a general exemption of £500. On incomes from £500 to £1,000 the rate is increased on a gradual incline. On incomes above £1,000 the incline becomes steeper, and on incomes above £5,000 the rates rise very suddenly. That is a good way of levying taxation. The citizen should be allowed an income free from taxation—except Customs and Excise duties—sufficient to buy for himself and family the necessities of life. I notice that the Minister for Trade and Customs (Mr. Greene) told a deputation, a few days ago, that the present tariff is designed for revenue-producing purposes rather than as a protective medium. That affords me a further justification for endeavouring to get the amount of exemption increased.

Sir JOSEPH COOK.—The honorable member has tired out everybody. Nobody is listening to him.

Mr. WEST.—I am sorry that the Committee displays such a lack of intelligence. Taxation is the most serious matter with which Parliament has to deal,

and yet very little attention is paid to the subject. That fact emphasizes the necessity for a change of Government. Will the Treasurer agree to report progress?

Sir JOSEPH COOK.—We shall treat the honorable member as he treats everybody else. No man in the House has less consideration for others than he has.

Mr. WEST.—No honorable member representing a big constituency speaks less frequently than I do.

Sir JOSEPH COOK.—Here is a man who has been talking for a solid half-hour, and now asks for an adjournment so that he may continue.

Mr. WEST.—I may tell the Treasurer that only a man of ability and knowledge can address the House for half-an-hour.

Sir JOSEPH COOK.—After that you may have the adjournment.

Progress reported.

House adjourned at 10.11 p.m.

Senate.

Wednesday, 29 September, 1920.

The PRESIDENT (Senator the Hon. T. Givens) took the chair at 3 p.m., and read prayers.

PENSIONS FOR THE BLIND.

Senator EARLE.—Last week I asked the Minister leading the Government in the Senate a question, which he desired me to postpone, concerning the policy of the Government in dealing with blind pensioners. I should like to know whether the Vice-President of the Executive Council (Senator Russell) is in a position now to make any statement as to the policy of the Government in connexion with the matter?

Senator RUSSELL.—I regret that I am unable to make a statement on the subject at present, but I shall endeavour, if possible, to make such a statement on the motion for the adjournment of the Senate.

PAPERS.

The following papers were presented:—

Inscribed Stock Act.—Dealings and Transactions during the year ended 30th June, 1919.

Repatriation: Summary of the work of the Department of Repatriation from April, 1918, to the end of June, 1920; with some account of the activities which preceded the Department's formation.

War Service Homes Act.—Land acquired at—

Islington, New South Wales.

Mosman, New South Wales.

Orange, New South Wales.

Weston, New South Wales.

SUGAR.

SHORTAGE IN SOUTH AUSTRALIA.

Senator SENIOR.—I ask the Minister representing the Minister for Trade and Customs whether his attention has been drawn to the remarks of the Hon. G. B. Laffer, as reported in the *South Australian Register* of 25th September, re shortage of sugar. If so, is it true that South Australia's interests have been sacrificed by the Federal authorities? Has the Federal Government, as alleged, allowed the matter to drift? Is the statement correct, as therein reported, that the political "pull" of the eastern States, or any other "pull," has given the above-mentioned States a better deal than South Australia?

Senator RUSSELL.—The honorable senator has already drawn my attention to the report to which he has referred. I shall supply an answer to his questions at the earliest possible moment.

ANILINE DYES.

PROHIBITION OF IMPORTATION.

Senator KEATING asked the Minister representing the Minister for Trade and Customs, *upon notice*—

Adverting to the question of Senator Keating and reply of the Minister in the Senate on 9th September instant regarding aniline dyes and the prohibition of the importation thereof—

1. Has the prohibition proclamation since its gazettal been modified to the extent of permitting importations from the United States of America; if so, when, and by what authority?

2. Are aniline dyes of Swiss manufacture largely used or required in the woollen and other industries?

3. Are such dyes, when imported into Australia, imported through Britain?

4. Are such dyes, when in course of importation to Australia, and passing through Britain, subject in Britain to prohibition of re-export to Australia by British authorities unless the latter are satisfied that British requirements of, and demands for, such dyes are first fully satisfied or provided for?

5. Are not aniline dye users in Australia subordinated to the interests of aniline dye users in Britain, and practically restricted in their competition with British manufacturers to the use of Britain's exportable surplus of its home-made aniline dyes, to which British dye users prefer Swiss dyes?

6. Will the Government, in the interests of Australian woollen and other industries dependent on the use of aniline dyes, thoroughly investigate the British practice in this connexion, with the object of securing for Australian manufacturers equal advantages with British manufacturers of goods competing in Australian markets?

Senator RUSSELL. — The answers are—

1. No general modification has taken place, but each application is dealt with on its merits.

2 and 3. Many dyes that were formerly obtained from Switzerland are now being manufactured on a commercial scale in Great Britain. In instances where the necessary dyes of British origin cannot be obtained, users will be permitted to import Swiss dyes.

4. If permission were given to an Australian importer to obtain Swiss dyes on transshipment at a port in the United Kingdom, such dyes would not be detained by the Imperial authorities in the United Kingdom.

5. No; but, owing to the acute shortage of dyes, manufacturers are unable to obtain full supplies.

6. The British practice is known, and, as stated in the reply to a previous question on the same subject by the honorable senator, the policy of the Government in this matter is in agreement with that of the Imperial Government.

Senator KEATING.—The answer to No. 4 shows that the British practice is not known to the Department.

NAURU ISLAND AGREEMENT.

POSITION OF NEW ZEALAND.

Senator PAYNE asked the Minister representing the Prime Minister, *upon notice*—

Is there any truth in the allegation made by the Premier of New Zealand in the Parliament of that Dominion, as reported in the press, to the effect that New Zealand had had extraordinary luck in connexion with Nauru Island, and that, although New Zealand had paid very much less than Australia and Britain, he did not think Britain or Australia would be able

to take away a ton of phosphates more than New Zealand?

Senator RUSSELL.—The Prime Minister intimated on Wednesday last that the Prime Minister of New Zealand must have been misreported. He pointed out that the agreement in regard to Nauru was a tripartite one, and that the parties thereto are to receive on the basis of their financial contributions, which are—Great Britain, 42 per cent.; Australia, 42 per cent.; and New Zealand, 16 per cent. He also explained that, in the event of there being insufficient phosphate for all, the residuum would be sold, and the profits distributed on the basis already referred to.

SOUTH AFRICA.

ALLEGED INFERIOR AUSTRALIAN FLOUR.

Senator EARLE asked the Vice-President of the Executive Council, *upon notice*—

1. Has his attention been directed to a statement in the press on Tuesday last, to the effect that flour of bad quality had been shipped from Australia to South Africa?

2. Is the statement true?

3. If so, is it not likely to injure the good name of Australian products?

4. Who is responsible?

Senator RUSSELL.—The answer is—

1 to 4. The Prime Minister stated on Thursday last that he had spoken to the Victorian Minister for Agriculture on the subject. In effect, the Prime Minister said:—

In the first place the Wheat Pool is not responsible for the sale of the flour. It sells wheat; it does not sell flour. The millers sold this flour. In the second place, the flour, which had been gristed from damaged Victorian second quality wheat, which had been reconditioned, and was described as B grade, was sold upon sample, a parcel of 270 tons having been sent as a sample, and subsequent shipments were up to that sample. But it was sold up to sample by the millers, and not by the Wheat Pool. Of course, I am sorry for the sake of the credit of Australian flour that there should have been any occasion for complaints, but there is in the transaction no reflection on the Wheat Pool. I regret that it is not the only occasion in which Australians have done Australia incalculable injury. Those who do this sort of thing are really guilty towards this country of a crime infinitely worse than those crimes for which men are punished in the ordinary way. The circumstances in which this flour was bought by South Africa must be remembered. In that country there was a great shortage of wheat, and they were perilously near the starvation border. Sight must not be lost of the fact that flour made from inferior wheat will spoil very much more

readily than what is gristed from high grade wheat. For instance, 70 per cent. flour will keep very much longer than 80 per cent. flour. Weevils would begin to breed more speedily in the former than in the latter, and some time has elapsed since this particular flour was gristed.

NORTHERN TERRITORY.

RAILWAY CONSTRUCTION—KATHERINE RIVER TO CAMOOWEAL.

Senator DE LARGIE (for Senator CRAWFORD) asked the Minister representing the Prime Minister, *upon notice*—

Whether, in view of the fact that the coastal line from Brisbane to Townsville will be completed next year, thus providing railway communication from Perth to Cloncurry, which is only 150 miles from Camooweal on the border between Queensland and the Northern Territory, the Commonwealth Government is prepared to construct a line from the present terminus at Katherine River, through the richest portion of the Territory, to Camooweal, provided the State of Queensland undertakes to build a line from Cloncurry to Camooweal?

Senator RUSSELL.—The answer is “No.”

LOAN BILL.

Bill received from the House of Representatives, and (on motion by Senator RUSSELL) read a first time.

POST AND TELEGRAPH RATES BILL.

Bill received from the House of Representatives.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [3.9].—I move—

That so much of the Standing and Sessional Orders be suspended as would prevent the Bill being passed through all its stages without delay.

The Government have made a definite announcement of the date upon which it is intended that the new postal rates shall come into operation. Notice of this has been issued, and so the passing of the Bill is urgent.

Senator KEATING.—They are not to come into operation until Friday.

Senator RUSSELL.—I have no desire to limit the speeches of honorable senators on the Bill, but I wish to avoid any undue delay in passing it.

Question resolved in the affirmative.

Bill read a first time.

Motion (by Senator RUSSELL) proposed—

That the second reading of the Bill be an Order of the Day for a later hour of the day.

Senator PRATTEN (New South Wales) [3.11].—On this point, Mr. President, I may point out that we shall have several money Bills before the Senate this week, and in connexion with them honorable senators should have the privilege of a full debate. While I do not think it is the intention of honorable senators to repeat themselves in any way, it is of vital importance to the Senate that there should be some debate upon the Budget proposals, and I think that if Senator Russell will give us an opportunity at an early date of debating the Budget, he will perhaps save some duplication of debate so far as these measures are concerned.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [3.12].—I can only say that the Government, after full consideration, have determined the order of business; but should an opportunity to debate the Budget proposals present itself at an early date I shall be glad to allow honorable senators to avail themselves of it. I cannot make any definite statement now, but I shall consult my colleagues, and endeavour to let the honorable senator know during the course of the day.

Question resolved in the affirmative.

ENTERTAINMENTS TAX BILL.

Bill received from the House of Representatives.

Motion (by Senator RUSSELL) proposed—

That this Bill be now read a first time.

Senator PRATTEN (New South Wales) [3.13].—This is one of the Bills upon which honorable senators, on the first reading, have the right in debate to wander from Dan to Beersheba. I need hardly remind honorable senators that if we allow the first reading to go—we have allowed the first reading of the Post and Telegraph Rates Bill to pass—there may not be another opportunity to deal generally with some of the subjects that are uppermost in our minds, unless the Minister will definitely promise us an early opportunity for the discussion of the Budget, which includes all the matters dealt with in these

minor Bills. I realize that if I resume my seat now I shall have lost my right to speak on the first reading of this Bill; but I am making these few remarks with the object of urging the Minister, if possible, to give the Senate an opportunity to debate the financial proposals of the Government, thus saving in some measure duplication of debate with regard to these smaller Bills.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [3.14].—I can only repeat what I have just told the honorable senator; but I may add that we shall have an Income Tax Bill and one or two other small financial measures shortly, and these should afford honorable senators every opportunity to debate those matters to which Senator Pratten has referred. With the exception of the Post and Telegraph Rates Bill, I am not in any great hurry.

Senator PRATTEN.—So long as the Minister will not object to a fairly full financial discussion upon one of these Bills, I shall be content.

Senator RUSSELL.—Not at all.

Question resolved in the affirmative.

Bill read a first time.

WESTRALIAN FARMERS AGREEMENT BILL.

In Committee (Consideration resumed from 24th September, *vide* page 4975):

Clause 2 agreed to.

Schedule.

Senator PRATTEN (New South Wales) [3.15].—I rose to speak, Mr. Chairman, before you put clause 2, for the purpose of pointing out—

The **CHAIRMAN** (Senator Bakhap).—If the honorable senator rose, he certainly did not catch my eye, and, therefore, I declared the clause carried. There cannot be any further discussion upon it now. The Committee is now invited to discuss the schedule, and as it is a very long one, we shall deal with it progressively.

Senator PRATTEN.—I persist, Mr. Chairman, in desiring to say what I wished to say on clause 2. I think the same thing, identically, cropped up in connexion with the Nauru Agreement Bill. If my memory serves me right, a clause in that measure approved of the whole Agreement, and honorable senators then pointed out that if it were

passed, any discussion on the schedule would be redundant. In this Bill, clause 2 approves of the schedule. In the case of the Nauru Agreement Bill, the Minister in charge agreed to postpone the clause approving the Agreement until the schedule had been passed.

The **CHAIRMAN**.—The schedule, and not clause 2, is now under discussion, but there is nothing to prevent the honorable senator from moving the recommitment of the Bill at another stage if he desires to have a clause re-considered. At present the discussion must be confined to the schedule.

Senator PRATTEN.—I shall have no objection to discussing the schedule in the circumstances mentioned by you, Mr. Chairman, and I take it that if any amendment be made in the schedule, the Minister himself will move for the recommitment of clause 2.

The **CHAIRMAN**.—My ruling given on a former occasion was that the question must be put—"That the schedule stand as printed"; but in order to facilitate discussion, I shall take the schedule page by page.

Senator PRATTEN.—I think the precedent previously established was to take a schedule of this kind in sections.

The **CHAIRMAN**.—Very well. We shall take the schedule as indicated by the honorable senator. Throughout the discussion on the schedule, as provided for in our Standing Orders, the question will be—"That the schedule stand as printed." Any honorable senator may at any time move an amendment, until the schedule has been declared passed.

Senator PRATTEN (New South Wales) [3.20].—According to clause 3 of the schedule there is a promoter in connexion with the company to be formed, and I desire to ascertain who he is, and what he is to be paid, either in cash or in fully paid-up shares.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [3.21].—The name of the promoter is given in clause 2 of the Bill, and this provision is necessary in order to comply with the companies law. The promoter will be liable to the Commonwealth for the application made in this connexion. So far as I understand, no payment is to be made to him.

Senator KEATING (Tasmania) [3.23].—Senator Pratten has asked who is the promoter referred to in clause 3 of the

schedule. The first paragraph of the schedule shows clearly that an agreement has been entered into between Basil Lathrop Murray, of Perth, in the State of Western Australia, Managing Director of the Westralian Farmers Limited, who is referred to in the agreement as the "promoter." Wherever he is subsequently referred to in the agreement he is called "promoter," but the money, if any, to be paid to him is not indicated in the agreement itself.

Senator EARLE (Tasmania) [3.24].—It is not my intention to further oppose the passage of this Bill. I have already said that I believe we are making a mistake in passing such a measure; but I desire to throw out the suggestion that even now some effort might be made to make the State Government of Western Australia shoulder the responsibility in connexion with this undertaking. Even in the schedule an amendment might be made whereby the company formed under the Companies Act of Western Australia might obtain a guarantee from the State Government for a redemption of the loan, or any advances made by the Commonwealth Government under this agreement.

Senator KEATING.—They would surely be prepared to do that.

Senator EARLE.—I think they would, and we would be saved from establishing a precedent, which would enable other company promoters and co-operators in different parts of Australia to come direct to the Federal Government for financial assistance before obtaining the consent of a State Government.

Senator DUNCAN.—It would remove nearly all the objections.

Senator EARLE.—I believe it would, and I appeal to the representatives of Western Australia to seriously consider this matter, even to the extent of postponing the schedule. I feel sure that we are establishing a precedent by passing the schedule in its present form which is likely to cause very much trouble in the future. If a promoter or a company has to obtain the backing of the Government before any advance is made, the Commonwealth Government will be fairly safe.

Senator SENIOR.—Cannot this be done under clause 5 of the schedule?

Senator EARLE.—I do not care where it is done. I am anxious to encourage enterprises of this character,

because if a number of men are prepared to invest their own money to assist in marketing their produce, they deserve every encouragement.

Senator RUSSELL.—I think that clause 5 of the schedule covers it.

Senator EARLE.—I do not think so. There is no such guarantee in the agreement, and the Western Australian Government is in no way involved. If the Government can see their way to provide protection in the direction I have indicated, so that the State Government will guarantee the repayment of the money, my objection to the Bill will be removed. I am not prepared to move an amendment, but I am willing to give my assistance in that direction if the schedule is postponed for further consideration.

Senator PAYNE (Tasmania) [3.26].—When we were discussing the second reading of the Bill, I received an assurance from the Vice-President of the Executive Council (Senator Russell) that the Government of Western Australia would give the necessary backing. In reply to an inquiry as to what the "necessary backing" meant, I was informed that the Government of Western Australia were prepared to find the necessary sites for silos, and I replied that that was not backing as I understood it. The backing is the financial support of the State in which the project is to be carried out. Senator Earle has submitted a proposition which is worthy of consideration, and I believe the honorable senator is quite right in suggesting that we should amend the schedule in the direction indicated. If the measure becomes law in its present form it will mean that the Commonwealth Government will be inundated with applications from companies and individuals who are anxious to establish industries in a State. The functions of the Commonwealth Government should be to deal with States, and not with individuals or firms. As the company has approached the Western Australian Government, asking them to pass the necessary legislation in connexion with this venture, surely it is reasonable to suggest that they should go a little further and ask the Government to provide the necessary financial guarantee. I trust that honorable senators will give favorable consideration to this point, because it will be the means of

making the measure absolutely watertight, and show those in other States that the Commonwealth Government is prepared to help if the support of the State Government is assured.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [3.29].—It has been suggested that a State Government should be behind undertakings of this character, and should guarantee the financial responsibility; but the object of the Bill, from the Government's point of view, is to assist those who are endeavouring to help themselves. The measure embodies a form of co-operation as against State control, and, as far as can be ascertained, a majority of the farmers in Western Australia are in favour of a co-operative system. If the State Government were to be brought into the scheme, it would be objectionable to many honorable senators. It is the policy of the Government to support those who are trying to help themselves.

Senator WILSON.—And it is our duty to treat every application on its merits.

Senator RUSSELL.—Yes.

Senator PAYNE.—You are interfering with the functions of a State.

Senator RUSSELL.—There are many things that a State Government cannot do. We have found money to build silos in New South Wales, we are doing the same for the farmers in Western Australia, and I hope it will not be long before other States seek assistance in this direction.

Senator PAYNE.—The New South Wales silos are being constructed on money advanced by the Commonwealth Government.

Senator RUSSELL.—Personally, I think that the local people should themselves decide as to the method which should be adopted, just as the farmers of Western Australia have decided for themselves. When I am asked whether the Government of that State is involved in this scheme, my reply is in the affirmative. We have accepted the word of the Premier of Western Australia that certain lands will be provided for the purpose of this scheme; I do not know under what conditions the use of those lands will be granted, but probably it will be necessary to pass an Act of Parliament dealing with the matter.

Senator WILSON.—The Government will be satisfied with regard to their own

rights before they proceed with this scheme?

Senator RUSSELL.—We have the last say in regard to the interpretation of the Bill, and the moment the Government of Western Australia fail to interpret it in the way that we think it should be interpreted, we possess the power to withhold the requisite funds. In other words, if the Western Australian Government do not comply with the conditions of the contract, both in the letter and the spirit, we can cease to advance money. In New South Wales we provided the funds for the erection of silos, and, although we experienced some little difficulties, these were satisfactorily adjusted so that the Act under which the advances were made has worked very smoothly.

Senator GARDINER (New South Wales) [3.32].—I see a very great difference between entering into an agreement with a State and advancing a large sum of money to a private company. However, I welcome this kind of legislation because it will provide us with a precedent which the Labour party will be able to use when we desire to help any of our trade unions to do something.

Senator WILSON.—We shall treat every case upon its merits.

Senator GARDINER.—I am sure that honorable senators will do so. Because I realize that the trend of thought is in the direction expressed by this Bill. I intend to support it. But was the Commonwealth Parliament called into existence to enact legislation of this character? Was it created for the purpose of putting £500,000 into an enterprise of this kind when there are men in this Chamber who will affirm that we have not the money necessary to enable us to honour the compact which was entered into with New South Wales some twenty years ago to establish the Federal Capital in her territory? I regard the scheme outlined in this measure as an innovation, and a dangerous innovation at that.

Senator WILSON.—Yet the honorable senator is going to support the Bill.

Senator GARDINER.—I am. I represent a section of the community which is prepared to take risks in legislation—risks in the direction of socializing everything.

Senator DRAKE-BROCKMAN.—I am glad that the honorable senator acknowledges that they are risks.

Senator GARDINER.—I always put my views quite candidly before the people and before Parliament. I never misunderstood the position of the party to which I belong in regard to the legislation which it endeavoured to place upon our statute-book. But the proposals contained in this Bill are the most extraordinary of which I have ever heard.

Senator WILSON.—The Government should certainly report progress if the honorable senator is supporting the measure.

Senator GARDINER.—Whether I support or oppose it will not make any difference to the conduct of the Government. But I cannot fail to mark the eagerness exhibited by the Government to enact legislation for the purpose of squandering the people's money. What security will the Commonwealth possess for the money which we are asked to advance?

Senator DE LARGIE.—The very best.

Senator GARDINER.—A private company is putting a few hundred thousand pounds into this scheme, and the Commonwealth Government are advancing it £2 for every £1 which is thus subscribed.

Senator FAIRBAIRN.—But they have the security of the £250,000 before they make the advance.

Senator GARDINER.—I dare say that I could raise a little money for a certain proposition if the Government would undertake to advance me £2 for every £1 privately subscribed. And I could make out quite as good a case for Government assistance as can be made out here.

Senator WILSON.—As I remarked previously, we should consider every case upon its merits.

Senator GARDINER.—To me it is evident that the farmers' representatives in another place had sufficient "pull" to secure the passing of this Bill, otherwise it would never have been put before us. The measure is an acknowledgment of the principle that the system of assisting individuals who are engaged in co-operative enterprises is a sound one. The party to which I belong will welcome it. But if we go back to the purposes for which this Parliament was created we shall be quite unable to justify proposals of this character.

Senator DRAKE-BROCKMAN.—Is the Bill constitutional?

Senator GARDINER.—We must leave that for the High Court to decide.

Senator DRAKE-BROCKMAN.—If the honorable senator is not prepared to say that it is unconstitutional, why does he make assertions such as he has made?

Senator GARDINER.—It is astonishing that the Government, in face of the views which they have previously expressed in regard to concerns of this kind, should enter into any speculation with the taxpayers' money.

Senator DE LARGIE.—What have they said in opposition to the principles which are embodied in this Bill?

Senator GARDINER.—The Government are blazing the track. To assist certain farmers who are about to engage in a co-operative enterprise they propose to advance them £500,000 of the people's money. It would be equally fair for them to sink that amount in a mining proposition. The principle in each case would be the same.

Senator RUSSELL.—What about our soldier homes?

Senator GARDINER.—Many of our soldiers were absent from Australia for four years, and if they had remained here they might have been able to erect homes for themselves. In their case, however, the Commonwealth is not advancing £2 for every £1 which they subscribe. It merely provides them with a home which is a good security for every £1 that is advanced to them.

Senator DE LARGIE.—And this is a good security. It is quite as good a security as we possess for the iron bonuses which are spent in Newcastle and Lithgow.

Senator GARDINER.—The honorable senator knows my attitude towards the iron bonuses. I have always held that if we pay a bonus of £1 in connexion with iron works in Australia we always possess that amount of interest in the concern.

Senator DE LARGIE.—We shall have the same thing in connexion with these wheat silos.

Senator GARDINER.—I do not think so. We shall have to depend entirely upon the success of the proposed undertaking, and, personally, I am not too confident of the success of huge enterprises of this character. Although Western Australia has doubtless a great future as a wheat-growing country, the handling of nearly £1,000,000 of capital requires most efficient and capable management.

Senator WILSON.—That is where the whole success of the scheme will lie.

Senator GARDINER.—And the entire failure of it may come from a lack of efficient management. I intend to support the Bill, because it is part of the policy of the party to which I belong to take risks in the matter of State ownership and State control. If honorable senators opposite do not go the whole way with us in that connexion they will at least come half way by providing us with the necessary money. If we started a huge co-operative trade concern, forming a Soviet, if I may use that term, and could show the Government clearly that by all our tradesmen working together co-operatively we could establish comfortable homes for them, do honorable senators think the Government would advance £2 for every £1 that we put in? I do not. I cannot refrain from expressing my astonishment at the Government dabbling in legislation of this kind, and at the hugeness of the sum that they are intrusting to certain people. I know they are people to be relied on for their ability and integrity; but thousands who answer that description may not have the ability to manage affairs of this magnitude. The whole tract of Australia is strewn with the wreckage of concerns of this kind—I will not say where the Government have been interfering, but where private companies and firms have. There are as many wrecks and failures as there are successes. I take the opportunity on this schedule to express my surprise at the action of the Government in introducing the Bill; but they will find a supporter for it in me, because it will pave the way for us.

Senator FAIRBAIRN (Victoria) [3.41].—I am glad to hear from Senator Gardiner that there is some chance of the labour unions bringing forward industrial co-operative schemes on these lines. If they do, their past policy will be entirely reversed. I have pointed out for years that industrial unrest could be solved if the labour unions, instead of striking, devoted their money to buying enterprises. If they did that, we should be on the eve of industrial rest. The cost of one strike would more than run an enterprise of this sort. From that point of view, if a feasible scheme were brought forward, and the unions wanted

£2 from the Government for every £1 they put in, the £1 being the first liability to be lost, the Senate would, I am sure, favorably consider it on its merits. Senator Gardiner rightly says that the whole success of the Western Australian scheme depends on the management. Unfortunately, he was not here when Senator Drake-Brockman showed how splendidly managed the Western Australian co-operative concern has been, what great successes they have had there, and how likely it is that those successes will continue. We talk about a State guarantee; but the farmers do not want any more State interference, and in that I am with them up to the hilt. If the Government guarantee the scheme, there will be all kinds of official interferences in all directions. I would much sooner lend the money straight out to the farmers in a co-operative scheme, where they are putting in their own cash, than I would run it with a Government guarantee, because they are more likely to fail if interfered with by the Government than if they have a free hand to manage it on business lines such as, according to Senator Drake-Brockman, have been followed in his State. I did want to see some delay, so that we could look into a number of matters; but we are told that the State Government are giving the land free for the silos, and are going to convert their trucks, all of which will cost a considerable sum of money.

Senator PRATTEN.—But are they?

Senator FAIRBAIRN. — That is understood. The scheme cannot possibly be undertaken unless the trucks are available to carry the grain in bulk.

Senator RUSSELL.—The conversion of the trucks is not such a big job, because they have been building them for a number of years in such a way that they are easily convertible. We have been doing that in Victoria for five or six years, and it would only cost from 10s. to 15s. per truck to make the necessary alterations.

Senator FAIRBAIRN. — It will cost money, and we must add also the value of the land which is being handed over for the silos. The State Government is, therefore, to some extent, involved.

Senator PRATTEN.—The Bill does not say that the State Government must do these things.

Senator FAIRBAIRN.—I understand that it does.

Senator PRATTEN.—No; paragraph 5 says—"The promoter and the company shall forthwith take all necessary steps to obtain, etc."

Senator FAIRBAIRN.—If they do not obtain these things, I take it that they will not get the money.

Senator WILSON.—The Minister gave us his assurance just now that that would be so.

Senator FAIRBAIRN.—How could the Minister possibly lend the money if the State Government interfered with this co-operative scheme, and would not allow the wheat to be carried on the railways in bulk, or refused to give the land to build the silos on? If the company cannot get the land from the Government, how are they going to spend the money? Obviously the consent of the State Government is necessary before the company can make a start at all. It is a *bonâ fide* scheme. I simply wanted a little delay to look into certain points, and to make quite certain that they contemplated spending far more than the sum mentioned, because that is only the first instalment. A great number of other things will have to be undertaken, involving as much money again, and this money the farmers will have to spend. They simply want to handle their produce in the most economical way possible. We are threatened with an absolute shortage of bags. We may not be able to get them at all, and, therefore, I think the farmers of Western Australia are on the right lines. This is an exceptional proposition, which is put before us by people who are obviously going to manage it in the proper way. They have given proof of their managing capacity in the past, and we may well support them. If Senator Gardiner will bring along a trade union scheme, we will look thoroughly into it. If the unions have the backbone to put up a large sum of money instead of spending it on strikes, we will support and help them in every way we can.

Senator PRATTEN (New South Wales) [3.48].—Clause 4 includes a number of desirable restrictions. I am pleased to see that dividends are restricted in certain circumstances, to 8 per cent., the excess to be divided between the customers and the shareholders. I am also

pleased to see that the company is compelled under the agreement to deal with grain from non-shareholders, and that no person other than a wheat-grower is eligible to hold shares. One point, however, it not quite clear to me: Paragraph *a* provides that "the capital of the company shall be £1,500,000, divided into 1,500,000 shares of £1 each." Under this agreement, the maximum amount that the Commonwealth is called upon to assist the company with is £550,000. It is estimated that the silos and elevators to be erected by the company for the purposes of the agreement will cost £800,000. I cannot see the reason for creating a company with a capital of £1,500,000, seeing that the full tenor of the schedule is that the work will be completed for round about £800,000. What is in the minds of the promoters in putting in that figure, and what is the object of capitalizing almost twice the amount that is shown to be necessary in the agreement?

Senator DRAKE-BROCKMAN (Western Australia) [3.50].—I may perhaps give the information that the honorable senator wants. The farmers of Western Australia are making provision for their immediate requirements, when they estimate that £800,000 will be required to be spent to provide the silos. It has to be remembered that the company must look further ahead than next year, or even the year after. Certainly not one-tenth of the total available wheat-growing country in Western Australia has yet been brought under cultivation. We may look forward in the course of a few years to an annual crop in Western Australia from 20,000,000 acres.

Senator PRATTEN.—That would be nearly 200,000,000 bushels.

Senator DRAKE-BROCKMAN.—I do not care what it would be. Honorable senators should bear in mind that when we speak of Western Australia we speak of one-third part of the continent of Australia. There is an immense area of land, estimated at about 80,000,000 acres, in Western Australia capable of growing wheat.

Senator RUSSELL.—It has been reported that in England the other day they produced as much as 90 bushels of wheat to the acre.

Senator DRAKE-BROCKMAN.—The country in Western Australia to which I

refer would probably never produce a yield like that.

Senator PRATTEN.—The production the honorable senator has suggested would feed the world.

Senator DRAKE-BROCKMAN.—I hope that the production of wheat in Western Australia will in future be a big factor in feeding the world. In the circumstances to which I have referred, honorable senators will agree that it would be of little use to make provision for a company with but a limited capital. Provision must be made for future extension. It is hoped that in the future additional wheat-growers will be brought into the company. Provision must be made for the extension of silo accommodation as the requirements of the company increase; hence the provision for £1,500,000 instead of the £250,000 which Senator Pratten seems to consider desirable.

Senator PRATTEN (New South Wales) [3.53].—I direct attention to the wording of clause 5 of the schedule—

The promoter and the company shall forthwith take all necessary steps to obtain from the State of Western Australia legislative and executive authority to carry out its objects.

It seems to me that there will be no statutory obligation upon the promoter and the company to obtain from the State of Western Australia legislative and executive authority to carry out the objects of the company. The clause provides that the promoter and the company shall forthwith take all necessary steps to obtain this authority.

Senator RUSSELL.—That puts the Commonwealth Government in the position of arbiter to decide whether the promoter and the company have done all that is required or not.

Senator PRATTEN.—That is so; but I suggest the possibility of friction between the State Government of Western Australia and the company. We gather from what has been said in this chamber that there is a difference of view in our "Cinderella" State between the State Government and the farmers. The State Government have said that they want the control of wheat handling, and the farmers have said that they prefer that it should be handled co-operatively.

Senator DE LARGIE.—The Government of Western Australia have said nothing of the kind.

Senator PRATTEN.—I have gathered that from the debate on this Bill.

Senator RUSSELL.—Co-operation between the State Government and the Government of Western Australia may take many forms, and to attempt to define the method of co-operation would be to limit, rather than widen, the scope of the provision.

Senator PRATTEN.—I rose to point out the possibility that the company might take all necessary steps to obtain from the State of Western Australia authority to carry out its objects, but the Western Australian Government might not agree to give to the company the land or facilities for which it asked.

Senator RUSSELL.—That would mean the end of this agreement.

Senator PRATTEN.—I desire to make the matter quite clear. I move—

That in clause 5 of the schedule the words "forthwith take all necessary steps to" be left out.

If that amendment is agreed to there can be no doubt as to what the Commonwealth Parliament requires, and if the Western Australian Government will not give this company the legislative and executive authority to carry out the objects of the company the scheme must wait fruition until they do.

Senator DE LARGIE (Western Australia) [3.55].—I can assure the Committee and Senator Pratten that there is not the slightest suspicion of hostility on the part of the Western Australian Government to this scheme.

Senator FAIRBAIRN.—Quite the reverse.

Senator DE LARGIE.—Exactly. Senator Pratten seems to be under the impression that there is some difference of opinion between the farmers, who are parties to this agreement, and the Western Australian Government as to who shall handle the wheat crop in that State. I can assure the honorable senator that the Western Australian Government handed over the control of the wheat crop to this co-operative concern, by which it was managed, during most of the war period. Senator Russell will, I think, confirm my statement that the wheat business was handled better in Western Australia than in any other State under this arrangement. Whether that was due to better weather conditions prevailing in Western Australia than in the other States, I am not prepared to say.

Senator RUSSELL.—This Bill never pretended to be a contract between the Western Australian Government and the Commonwealth Government. It is brought forward as a contract between the Commonwealth Government and a co-operative company of Western Australian farmers.

Senator DE LARGIE.—That is not the point that was raised by Senator Pratten, who seems to think that there is some hostility between the Western Australian farmers and the Government of Western Australia. I can assure the honorable senator that there is nothing of the kind.

Senator PRATTEN.—I accept the honorable senator's assurance.

Senator DRAKE-BROCKMAN (Western Australia) [3.58].—Although I do not see very much objection to the amendment, I should like to point out that, in my opinion, there is no occasion for it, because, as Senator de Largie has stated, there is no hostility between the Western Australian Government and the farmers, who are parties to this agreement. As a matter of fact, the present Government of Western Australia is composed half of members of the Country party and half of Nationalists, and the Government is certainly not going to wreck itself by putting obstacles in the way of the farmers, who are practically the Country party. In view of the assurance we are able to give to Senator Pratten on the point he raised, and the composition of the present Western Australian Government, the honorable senator need have no fear that what he has suggested as possible will be likely to occur.

Senator KEATING (Tasmania) [4.0].—I think that if the amendment is accepted this agreement will be improved for drafting reasons and for substantial reasons, if not for the reason for which it was moved by Senator Pratten. He indicated the possibility of friction between the Western Australian Government and the promoter, and that in that case the promoter and the company might be unable to obtain the necessary legislative and executive authority to carry out its object.

Senator PRATTEN.—The clause does not say that the authority must be obtained.

Senator KEATING.—That is just what I am coming to. If it is not ob-

tained the Minister has said that that will mean an end to the agreement. Senator Pratten wishes to make it quite clear that that will be the end of the agreement. He wishes to provide that the promoter and the company must first of all obtain this authority, and that it shall not be sufficient for them merely to use their best efforts to obtain it. The clause is somewhat ambiguously framed. Senators Drake-Brockman and de Largie have assured us that, so far from it being likely that there will be friction between the Western Australian Government and this company, the contrary is likely to be the case. If that be so the company will have no difficulty in securing the required authority. That seems to me to be the justification for the amendment, and not the reason submitted by Senator Pratten in support of it.

Senator RUSSELL.—Instead of our making a contract with the Western Australian Government, the farmers of that State will make their agreements with regard to railways and lands with the State Government, but we must be satisfied with what has been done.

Senator KEATING.—Exactly. The promoter must obtain the necessary legislative and executive authority to carry out the objects of the company. That is a condition precedent to the operation of the agreement. But if we merely say that the promoter and the company must forthwith take all necessary steps to obtain from the State of Western Australia the legislative and executive authority necessary, they may hereafter claim that they have done all that they could, and so have fulfilled their part of the agreement and the Commonwealth Government must fulfil its part. We are assured that there is not likely to be any friction between the Western Australian Government and this company; but, as the result of some disagreement in a matter of detail between the company and the Western Australian Government, the company may be unable to obtain what the Commonwealth Government consider necessary. The company may then say that it has done its best, and the Commonwealth Government will be bound to carry out its part of the agreement. I think that Senator Pratten's amendment is justified by the very arguments which have been adduced against it.

Question—That the words proposed to be left out be left out—put. The Committee divided.

Ayes 10
Noes 10

AYES.

Benny, B.	Payne, H. J. M.
Elliott, H. E.	Pratten, H. E.
Fairbairn, G.	Rowell, J.
Gardiner, A.	
Guthrie, J. F.	Teller:
Keating, J. H.	Earle, J.

NOES.

Bakhap, T. J. K.	Newland, J.
Buzacott, R.	Russell, E. J.
Cox, C. F.	Thomas, J.
Drake-Brockman, E. A.	
Duncan, W. L.	Teller:
Henderson, G.	de Largie, H.

PAIR.

Senior, W.	Millen, E. D.
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The CHAIRMAN (Senator Bakhap).—There being ten Ayes and ten Noes, the question is resolved in the negative.

Amendment negatived.

Senator PRATTEN.—Mr. Chairman, I raise a very important question. Senator Duncan paired with the Minister, and his name appears in the division list.

The CHAIRMAN.—Senator Duncan was in the chamber during the division, and, therefore, his vote must be recorded.

Senator DUNCAN.—It was my mistake, Mr. Chairman. I was under the impression that I was outside the barrier.

The CHAIRMAN.—The honorable senator's vote must be recorded as he remained within the chamber.

Senator DE LARGIE.—May I say, in explanation, that evidently Senator Duncan made a mistake, because, a few minutes ago, he very kindly paired with an absent Minister.

Senator PRATTEN.—How did he pair?

Senator DUNCAN.—I paired, with Senator Pearce, against the Bill.

The CHAIRMAN.—It is quite right, of course, that the explanation should be made, but Senator Duncan's vote must stand.

Senator DE LARGIE.—I am not questioning the vote, Mr. Chairman, but it is only fair to Senator Duncan, who is a new member, to say that he made a mis-

take by remaining in the chamber after he had paired.

Senator PRATTEN.—In view of the fact that Senator Duncan, because of his limited knowledge of some of the forms of the Senate, has had his vote recorded in the division list, while he paired with an absent Minister, do you rule, Mr. Chairman, that the question is still resolved in the negative?

The CHAIRMAN.—I rule that the question has been resolved in the negative. The Chairman can take no cognisance of pairs. Honorable senators are responsible for the carrying out of their own arrangements with regard to pairs.

Senator PRATTEN.—But will you allow the clause to be recommitted?

The CHAIRMAN.—It is not my duty to do that, though I may remind the honorable senator that steps may be taken, at a later stage, to have the clause recommitted.

Senator PRATTEN.—Shall I be in order in moving for its recommitment now?

The CHAIRMAN.—No. That must be done when the remaining clauses of the schedule have been disposed of, and on the motion for the adoption of the report from the Committee.

Senator PRATTEN (New South Wales) [4.11].—I direct the attention of the Committee to clause 8 of the schedule, which provides that the company shall employ engineers, nominated for that purpose by the company, and approved by the Commonwealth, to design and supervise the erection of the silos and elevators, and that these silos and elevators shall be erected in accordance with such designs. Can the Minister (Senator Russell) give any indication as to the procedure that is intended to be taken in the calling for tenders? I should like this information, because, in clause 10 of the schedule, there appears the estimated cost. Therefore, estimates must have been given by somebody, and some engineers must have been in negotiation with the promoters in connexion with these matters. I should not like it to be said that this has been a cut-and-dried job for any particular contractor.

Senator WILSON.—Does not paragraph c of clause 12 meet the point raised by the honorable senator?

Senator PRATTEN.—No. That merely deals with the completion of the silos and elevators.

Senator RUSSELL.—Our engineers will be on the job all the time, and will furnish the Government with a certificate before any advance is made.

Senator PRATTEN.—But that particular paragraph refers only to the erection of the silos and elevators. The point I am bringing under the Minister's notice is the steps necessary for the placing of the contract. I would like to be quite frank, and say that I would not like to see this Western Australian company and the Commonwealth Government placed in the same position as the New South Wales Government in their relationship with J. S. Metcalf & Company. I want to avoid any possibility of that sort; but there are rumours round town that this thing is cut and dried and that, if this Bill be passed, the job has been ear-marked for Metcalf & Company. I want to know.

Senator RUSSELL.—Why does the honorable senator say that?

Senator PRATTEN.—Because of the rumours that have reached my ears, and I think I am perfectly justified in asking the Minister to indicate what is in the mind of the Government; whether the contract will be thrown open to the whole world, or whether this business has been practically fixed up with Metcalf & Company. Will the contract be made available to engineers, not only in Australia but in America and England. I am given to understand that the engineering difficulties are not very great; that, in fact, the plans are practically standardized, and I do not want Metcalf & Company to start out, as in New South Wales, and South Australia, by getting £20,000 for plans. On behalf, may I say, even of the Western Australian farmers, who are putting their good money into this venture, I should like to know what is intended to be done under clause 8 of the schedule.

Senator RUSSELL. (Victoria—Vice-President of the Executive Council) [4.16].—Senator Pratten has asked a question of some importance, and, in reply, I may inform him that the building of the silos and elevators will not be our business. I may also add that, before the work is undertaken, it will be necessary to have designs which will be limited only by the number of applicants

themselves. During the war, when we contemplated the erection of silos, and invited tenders for designing and supervision, we received communications from only three firms in the whole of Australia. In order to expedite matters we arranged for a conference of the engineers of the respective firms, and agreed upon a compromise design for storage purposes. Now that we are back to normal times again the designs are a little better. In regard to this matter, the liability of the Commonwealth will be limited to that of finance. We shall not be involved in the internal working or management of the contract, but we shall be furnished with certificates by our engineers.

Senator PRATTEN.—That is not the point. Under clause 9 of the Schedule the Commonwealth is involved in a certain responsibility with regard to the contracts to be placed for the erection of these silos and elevators. I want to know what will be the procedure under clause 8.

Senator RUSSELL.—The responsibility under clause 9 will be between the farmers themselves. Our responsibility will be limited to our financial undertaking.

Senator WILSON.—You mean that your engineers will approve of the plans before you advance the money.

Senator RUSSELL.—That is so. We shall expect our engineers to see that the work is carried out properly. It is not our intention to design the details in connexion with this undertaking, and if plans have been prepared—I do not know by whom—it is not within our knowledge. I understand that the Western Australian farmers have not agreed to any appointment in this connexion; but when they do, and plans are submitted, they will be investigated by our engineers and reported on to the Government. If the Government approve of the plans the contract will be carried out on that basis.

Senator PRATTEN.—Will the Government insist upon competition for the work throughout the world?

Senator RUSSELL.—When negotiations have reached this stage it is rather late to say "throughout the world"; but I hope sufficient time will be given to get into communication by cable with likely contractors abroad.

Senator PRATTEN.—You will not limit it to fourteen days as was done by the New South Wales Government.

Senator RUSSELL.—I believe that the New South Wales Government, in the end, did not call for tenders in connexion with some portions of the work, and that the construction was decided upon by mutual arrangement. We are, of course, in favour of every facility being given in this direction, and are not prepared to hand over £550,000 to be expended in a loose manner. I shall discuss this phase of the question with the Solicitor-General in order to see if a more rigid arrangement cannot be made. I believe provision should be made in this direction, but we must not appear to be dictating unless it is absolutely essential for the protection of Commonwealth money. I shall see that the matter is brought under the notice of the Commonwealth officers, and shall say that it is the general desire that firms in all parts of the world—excepting those in ex-enemy countries, of course—shall have an opportunity of tendering, not only for the design, but for the work.

Senator PAYNE (Tasmania) [4.23].—Clause 10 of the schedule provides that the estimated cost of the silos to be erected by the company for the purpose of this agreement shall be £800,000. At this stage it is reasonable to ask the Vice-President of the Executive Council (Senator Russell) how that estimate is arrived at. Senator Pratten endeavoured to obtain that information when a previous clause, which had no bearing on the matter, was under discussion. Can the Minister furnish some information as to how the estimate has been arrived at?

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [4.24].—I cannot give exact details, but may mention that two years ago Western Australia was inquiring into the matter, and had the services of a first-class engineer named Pearce, who was acting on behalf of the Government. Mr. Pearce had an opportunity of travelling all over the Commonwealth, and of inspecting works and studying the question generally, and it was expected that he would manage the system on behalf of the Western Australian Government. This gentleman submitted an estimate, as also did the firm of Metcalf and Co., and it may therefore be said that for the last two or three years Western

Australia has been making a careful investigation as to the probable cost. Unfortunately for the Western Australian Government, the services of Mr. Pearce were not sufficiently recognised, and he left them. Much of the preliminary work has, therefore, been done by Mr. Pearce and the firm of Metcalf and Co. I believe other firms have also reported on the probable cost. The figure set down in the measure is not binding, and as the undertaking is a huge one I am not prepared to say that that estimate is to be strictly adhered to. It may be a little more or a little less, but £800,000 is set down as a fair estimate on the advice available.

Senator PRATTEN (New South Wales) [4.26].—Clause 10 of the schedule has a bearing in other directions. Assuming that the sum mentioned will be exceeded, the Western Australian farmers will find they will have to pay the whole of the extra money required to complete the scheme. As shareholders, they will have to contribute whatever balance is required, because it is specifically stated in the Bill that the Commonwealth Government is committed to a maximum expenditure of £550,000, irrespective of what the scheme costs when properly completed. In view of this, no Commonwealth Government will be able to lend the Western Australian farmers additional capital.

Senator PAYNE.—Without an amendment of the Act.

Senator PRATTEN.—Exactly. During the second-reading debate, I said that on the basis of the cost of storage silos in New South Wales, the £800,000, if limited to that, would provide bulk storage capacity for 15,000,000 or 16,000,000 bushels. But there is a very long way to travel from storage in wheat silos to complete bulk handling; and according to the estimate given by the firm of Metcalf and Company to the South Australian Farmers' Co-Operative Union, or the South Australian Government—I forget which, but I believe it was the latter—the cost will be considerably higher now. No honorable senator will deny that the completion of terminal elevators and the supplying of silos with the necessary machinery, and box trucks on the railways, in order to complete the scheme of bulk handling from silos at the railway station, to the point of loading in the ship, will cost somewhere about 4s. per bushel.

Senator RUSSELL.—Four shillings and sixpence per bushel is the estimate.

Senator PRATTEN.—I shall take the lower figure of 4s. per bushel. If we pass this measure in its present form, and I believe we shall, the £800,000 is going to supply a complete bulk-handling system for only 4,000,000 bushels, because we cannot fill and refill elevators four or five times a year, as is done in America and Canada, owing to the different methods of garnering the crop. Therefore, even if the crop average over the last five years 10,000,000 bushels—not travelling to the fanciful heights of my honorable friend opposite, but confining ourselves to what has occurred in Western Australia—the expenditure required to complete the bulk-handling system will, on these figures, more nearly approximate £2,000,000 than the estimate of £800,000 mentioned in the Bill.

Senator RUSSELL.—Supposing there was a 16,000,000-bushel crop, they would not build for that quantity. Western Australia proposes to construct for a 3,500,000-bushel crop.

Senator PRATTEN.—Is it the intention to construct silos for a 3,500,000-bushel crop?

Senator RUSSELL.—Yes, for about one-third of the average crop.

Senator PRATTEN.—That has been decided by the experts?

Senator RUSSELL.—Yes. The practice in Canada and America is to provide storage capacity for one-third of an average crop.

Senator PRATTEN.—Then it is not definitely expected in Western Australian wheat circles that sufficient silos will be erected, if there is to be storage capacity for only one-third of the crop.

Senator RUSSELL.—It is always moving out.

Senator PRATTEN.—It is not always moving out, because our conditions of garnering the crop are altogether different from those prevailing in America and Canada, where the bulk-handling system is in operation.

Senator DRAKE-BROCKMAN.—War conditions are not always to obtain.

Senator PRATTEN.—War conditions have nothing to do with the matter.

Senator DRAKE-BROCKMAN.—That is what I am trying to impress upon the honorable senator.

Senator PRATTEN.—The conditions in America and Canada are totally different, because in those countries they thresh the grain in the farmer's own time. It has been pointed out by some honorable senators that we strip and garner the crop in five or six weeks, and that during that time the farmer has no time to cart to the silo. If the Western Australian farmers are to be satisfied with an estimate that will cover bulk storage for only one-third of the crop, even on a 10,000,000-bushel basis, they will have to provide some sort of bulk storage on the farm, and it is more than probable that they will go back to placing their wheat in sacks on the farm at all events.

Senator RUSSELL.—The honorable senator is overlooking the fact that the best thing to do with wheat is to ship it straight away, and that the accumulations are limited by the slowness with which some farmers deliver their wheat. It is not desirable to provide more silos than are necessary, and the storage can always be extended.

Senator PRATTEN.—The Minister has indorsed the point I was making. The policy of a farmer is to ship his wheat as quickly as possible, but storage capacity for one-third of the crop is not sufficient. We need storage capacity for about two-thirds of the crop.

Senator DRAKE-BROCKMAN.—Does the honorable senator advocate increasing the amount beyond £550,000?

Senator PRATTEN.—No; but I am pointing out that provision is being made for only one-third of a 10,000,000-bushel harvest.

Senator RUSSELL.—A capacity for 3,500,000 bushels will not be nearly sufficient to deal with the whole Western Australian crop. The quantity mentioned has been the average for the last five years.

Senator DRAKE-BROCKMAN.—That was explained, and the Western Australian farmers realized that they would eventually need more. Extra capital will have to be obtained from the farmers.

Senator PRATTEN.—I am coming to that. I am merely pointing out that it should be clearly understood that the obligation of the Commonwealth Government under this Bill is limited to £550,000, and that if a total expenditure

of £800,000 is not sufficient to provide the necessary storage capacity the Western Australian farmers will have to pay the whole of the additional money required.

Senator BENNY.—That is clear enough in the Bill.

Senator PRATTEN.—But it is not clear to the Western Australian farmers that more than £800,000 may be required to set this scheme in operation. The point which I desire to stress is that the conditions which obtain here are not those which obtain in Canada and America. The estimated cost of the scheme will have to be largely increased, in order to enable the whole of the Western Australian wheat crop to be dealt with effectively. I am glad the Bill provides that the help of the Commonwealth shall cease when £550,000 has been advanced, because I consider that a low and misleading estimate has been made. I say "misleading" with the greatest deliberation.

Senator WILSON.—I do not think the honorable senator can say that the estimate is a "misleading" one, if it will cover all that the company has undertaken to do at the commencement of the scheme.

Senator PRATTEN.—How can it cover all that needs to be accomplished when it will suffice for the bulk handling of only 3,000,000 bushels of wheat?

Senator WILSON.—That is all that is contemplated by the scheme at the start.

Senator PRATTEN.—The honorable senator's statement is an admission that the bulk of the coming Western Australian wheat crop of 15,000,000 bushels will have to be dealt with in the old-fashioned way, namely, by means of the bagging system.

Senator WILSON.—Of course, it will.

Senator PRATTEN.—The honorable senator admits the force of my argument when he makes that statement.

Senator BENNY.—The honorable senator is assuming that the farmers of Western Australia are going to come to the Commonwealth for the balance of the money that may be required.

Senator PRATTEN.—No. I am putting upon record to-day something which ought to make them ashamed to come to the Commonwealth for further financial assistance. According to their own

figures, the proposed advance of £550,000 will provide them with all the money that they require. But, as far as I can judge, they will need the whole £1,500,000 before the scheme can be carried out. However, I am glad that it is the farmers' money, and not the Commonwealth funds, which is to be used for that purpose.

I am not quite sure as to how it is intended to finance this company. Paragraph *a* of clause 12 sets out that when not less than 300,000 shares have been allotted to shareholders, and paid up to 10s. per share, the Commonwealth will make advances to the company. Then paragraph *b* provides that these advances shall be made when not less than £100,000 has been provided and expended by the company in the erection of silos and elevators. When these two things have been done, the Commonwealth will, under clause 13, advance the company the sum of £550,000. Clause 15 sets out that—

After the company has provided and expended its full one-third of the total cost of the silos and elevators, the Commonwealth will, subject to clause 13 hereof, from time to time advance to the company the balance of the total cost to the company of the silos and elevators.

When the company has spent £100,000, will the Commonwealth be called upon to advance the entire sum of £550,000?

Senator RUSSELL.—No. The advance will be made in the proportion of £2 for every £1 paid by the company. The company will be required to spend the first £100,000, and after it has done that, the expenditure by the Commonwealth will be in the proportion of £2 for every £1 expended by the company.

Senator PRATTEN.—After the company has expended £100,000, will it be able to call upon the Commonwealth to provide forthwith £200,000?

Senator RUSSELL.—No. That is an independent expenditure. Subsequently the Commonwealth will have to advance moneys in the proportion of £2 for every £1 expended by the company. But the company will be putting more than £100,000 into the scheme, and if it makes all reasonable efforts to collect the moneys required, the Commonwealth will support it.

Senator PRATTEN.—Before the Commonwealth can be called upon to do anything under this agreement, the company

has to sell 300,000 shares at 10s. each. That will give it a capital of £150,000. The agreement goes on to provide that the company must spend £100,000 before the Commonwealth is required to advance anything.

Senator RUSSELL.—That is so.

Senator PRATTEN.—From that point onwards, will the Commonwealth advance to the company its *pro rata* share of the remaining £750,000?

Senator RUSSELL.—If the honorable senator will state his questions, I will do my best to reply to them.

Senator PRATTEN.—After the company has expended £100,000, will the Commonwealth be expected to provide £200,000, thus making its proportion £2 for every £1 expended by the company, or does that proportion start after the £200,000 has been spent?

Senator RUSSELL.—As an evidence of good faith the company is first required to put up the sum of £100,000. Subsequently the Commonwealth will make advances in the proportion of £2 for every £1 expended by the company. I do not think that the farmers of Western Australia will be keen upon dodging their obligations. They will rather be anxious to put up as much money as possible so as to diminish the amount which they will require from the Commonwealth. But the basis of the expenditure is as I have stated it to be, and we are quite satisfied that that basis is a sound one.

Senator PRATTEN.—Clause 19 provides that "the interest upon each advance shall, until the date of the starting point fixed for the purpose of repayments of advances and interest by instalments, be capitalized as part of the advance."

Senator RUSSELL.—That is during the period of construction.

Senator PRATTEN.—I understand that that is so. In other words, there will be no obligation on the part of the company to pay interest until the whole scheme is in full working order.

Senator RUSSELL.—That is the position. It is covered by clause 20.

Senator PRATTEN.—The interest is payable from the day that the money is advanced?

Senator RUSSELL.—Yes.

Senator PRATTEN.—But, until the scheme is in full working order, the interest payable is to be added to the capital?

Senator KEATING.—Will it, when capitalized, bear interest?

Senator RUSSELL.—Yes, but without penalty.

Senator PRATTEN.—There is a peculiar penalty imposed a little later in the schedule.

Clause 24 occasions me some little amusement. It provides that, if the company is unable to pay simple interest at the rate of 6 per cent., a paternal Government will charge them compound interest at the rate of 10 per cent. If it is unable to pay interest at the rate of 6 per cent., I fail to see how it can pay interest at the rate of 10 per cent.

Senator WILSON.—It is the kind of provision that usually operates where a person gets behind in his payments.

Senator RUSSELL.—There is a penal clause contained in every mortgage.

Senator PRATTEN.—I quite understand that it is usual to insert a penal clause in a business agreement. But we have been assured many times that this is not a business agreement. We have been told that it is merely an expression of the policy of the Government to help the primary producer. If the farmers of Western Australia cannot pay interest at the rate of 6 per cent., I do not understand how they are going to pay interest at the rate of 10 per cent.

Senator WILSON.—The honorable senator does not object to the insertion of a penal clause?

Senator PRATTEN.—No. But I would have preferred the inclusion of a more practical provision in case of default in payment, either of principal or interest. I consider that this clause is a most unbusiness-like one.

Senator KEATING (Tasmania) [4.49].—My attention was directed to clause 24 some time ago, for the reason which has been mentioned by Senator Pratten, namely, the great discrepancy which exists between simple interest at 6 per cent. and compound interest at 10 per cent. Apart from that, it seems to me that the clause has been put in a wrong form. Most mortgages contain provision that a higher rate of interest shall be paid by the mortgagor in the event of unpunctual payments. But the usual method of providing for this penal rate is to declare first that the higher rate of interest

shall be the governing rate in respect of the security that is offered, and then to make provision that, upon punctual payment, a less rate of interest shall suffice. The reason is that Courts of Equity have always relieved contractors as against penalties or forfeitures, and where originally agreements were made to pay a certain amount of interest, and in the event of unpunctual payment to pay a higher rate of interest, Courts of Equity have allowed the lower rate, although paid unpunctually, to be a full quittance of the obligation, because the Courts have invariably leant against penalties and against forfeitures. To overcome that disposition of the Courts of Equity, and in view of the fact that Courts of Law now administer equity simultaneously with law, the usual practice has been to put into mortgages a covenant to pay the higher rate of interest, and to provide that, if the interest be paid punctually on the date on which it is payable, or within a specified period afterwards, a less rate of interest shall be received. The same effect has been accomplished and the Courts will sustain such an agreement. I very much doubt whether the Courts will sustain this paragraph, because it is, on the face of it, nothing more nor less than a penalty provision. In ordinary circumstances, the provision is for payment of the higher amount of interest, with a condition that if the interest is paid punctually, a less amount shall be accepted, and the court cannot then say that that is a penalty. As a matter of fact, it can say that it is a relief. The Court will not enforce a contract in which a penalty is agreed to be paid.

Senator WILSON.—In any case, have not all parties signed this agreement?

Senator KEATING.—Yes; but it is still subject to approval by Parliament. On the face of it, this paragraph is valueless. We could provide that the company shall pay a penal rate of 20 per cent. I do not think it would have much more effect. As the agreement stands at present, if the company came up with their ordinary interest, even unpunctually, and insisted that the Commonwealth should accept it, and the Commonwealth refused to accept it, and sued them, the Commonwealth would be in the position of a litigant before a Court which would not enforce the penalty. Unless there is some explana-

tion or justification for the paragraph, it is therefore only so much waste print.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [4.54].—I am making inquiries as to the reason for inserting this paragraph. Probably the company volunteered a suggestion for such a penalty in their desire to give positive assurances of their good intentions. In doing so, it seems to me that they have gone a little too far. There might have been a second advantage in making such a suggestion, in that the provision would be a very good collector, and of material assistance to the company in getting in their money, because they could point out the risk to their members.

Senator KEATING.—Why not treat the position in the ordinary way?

Senator RUSSELL.—I have asked the drafting authorities to explain why the paragraph has been so expressed. We, as a Government, have not dealt with it as a question of policy. The Law Department have drawn up the agreement to protect the Government as far as possible. I hope that they will let me know in a few minutes the reason for making a special exception in this case instead of following the usual rule. If it is put in only to give confidence, it is not much of a standby.

Senator DRAKE-PROCKMAN.—It is probably put in to scare the farmers, knowing that it will have no effect.

Senator RUSSELL.—At the same time it might be a great advantage to a co-operative company which could point out to its members the danger of falling into arrears with their payments, because this company collects largely on the instalment plan. This paragraph might be a good weapon. Unless there is any special reason for it I shall have no objection, if the Committee will let it go through now, to considering the question of recommitting the paragraph. Like other honorable senators, I want to know the reason for putting it in its present form.

Senator KEATING.—The same point would apply to paragraph 25.

Senator PRATTEN.—Is this the stage at which I may move for the reconsideration of a clause?

The CHAIRMAN (Senator Bakhap).—The Committee cannot alter its decision, but when the adoption of the report

is being moved the honorable senator can move for the recommitment of the Bill for the further consideration of any clause.

Schedule agreed to.

Title agreed to.

Bill reported without amendment.

Senator **RUSSELL** (Victoria — Vice-President of the Executive Council) [4.58].—I move—

That the report be adopted.

I understand that if it is desired to recommit certain clauses, that can be done on the third reading. I do not wish to deprive honorable senators of their opportunity of doing what they stated their intention of doing during the discussion in Committee.

The **PRESIDENT** (Senator the Hon. T. Givens).—It can be done on the third reading.

Senator **RUSSELL**.—I ask honorable senators to adopt the report, and I shall give full facilities for them to move to recommit on the third reading.

Senator **PRATTEN**.—When does the Minister propose to give those facilities?

Senator **RUSSELL**.—At the third-reading stage.

Senator **PRATTEN**.—Does the Minister propose to take the third reading to-day?

Senator **RUSSELL**.—No. I shall facilitate those who want to move in that direction. I shall stop at the report stage to-day, and leave the third reading for to-morrow.

Senator **PRATTEN** (New South Wales) [4.59].—Shall I be in order in moving for the recommitment of the Bill at this stage?

The **PRESIDENT**.—Certainly.

Senator **PRATTEN**.—Then in all the circumstances it would be just as well to deal with the matter forthwith. I therefore move—

Senator **RUSSELL**.—I have promised to supply certain information to Senator Keating. I cannot supply it if we recommit the Bill now. Let us take all these matters together to-morrow.

Senator **PRATTEN**.—I thank the Minister for his interjection. It is, I think, the desire of by far the greater number of honorable senators here that definite information be supplied as to the attitude of the Western Australian Government. Perhaps the Minister would be able to-morrow to supply that information, which

has not yet been given. If he does, it may possibly obviate the recommitment of the clause which I have in mind.

Question resolved in the affirmative.

Report adopted.

POST AND TELEGRAPH RATES BILL.

SECOND READING.

Senator **RUSSELL** (Victoria — Vice-President of the Executive Council) [5.0].—In moving—

That this Bill be now read a second time,
I wish to make a few statements of a general character. As most honorable senators have read the Budget, I need not recapitulate the reasons given by the Treasurer (Sir Joseph Cook) for wanting more revenue. Quite apart from the revenue aspect, every honorable senator is familiar with the vast increase in the cost of material for Post Office requirements. To give a few examples, galvanized iron costs now 600 per cent. more than in 1914, cable 100 per cent. more, and telegraph equipment from 50 per cent. to 250 per cent. more. It does not look as if we were going to be permitted to borrow loosely or wildly in the future for public works. It is generally admitted on all hands that during the war the financial restrictions placed on the Postal Department and on the extension of postal and other facilities were very hard and drastic, and that the country suffered considerable losses and inconvenience as the result. The Treasurer, in his Budget speech, announced that the expenditure would exceed the revenue by nearly £4,000,000. The increase in salaries paid in the Post and Telegraph Department over the amount paid in 1913-14 is £1,000,000, although the staff decreased by 116 in the same period. Wherever possible, postal facilities will be given to isolated districts. We must have a buoyant revenue, as the prospects of borrowing for public works will not be very rosy in the future unless we show a genuine desire to pay for a very large proportion of our public works out of revenue. This policy will entail more expenditure. Other countries have been increasing their rates of postage. The United Kingdom, New Zealand, Canada, and South Africa have all increased their charges, and even our amended and increased

rates will still be a long way under those of any other country of the world. The extra $\frac{1}{2}$ d. war postage will be merged into the ordinary postage rate. I do not know whether that will be very consolidating, because it simply makes what was originally adopted as an emergency war rate part of the permanent charge.

Senator PAYNE.—What are the rates in South Africa?

Senator RUSSELL.—I have the details for every country, and shall be glad to give them to the honorable senator in Committee. The letter rate is to be increased from $1\frac{1}{2}$ d., which includes the extra war rate, to 2d. The newspaper rate is to be the same as at present.

Senator THOMAS.—Why do you allow the newspapers to be carried at the same rate and raise the charge on letters?

Senator RUSSELL.—I shall deal with that question at length on the clause itself. Largely, the reason is sentimental. It is recognised that Australia is a country of wide spaces, and the cost of disseminating information is very heavy. We propose to charge increased telephone rates to the people in the metropolitan areas, but not to those in the country, because we are anxious, by making low charges—even if honorable senators call this method a subsidy—to make the country more pleasant and habitable than it is to-day.

Senator THOMAS.—Do not people in the country write letters?

Senator RUSSELL.—They do.

Senator THOMAS.—But you are raising the letter rate in the country.

Senator RUSSELL.—Certainly. No Government is enthusiastic about increasing charges. The only increase that we have made in postal rates in recent years has been the extra war tax, but we have increased everything else. The cost of material and the cost of labour and all other charges throughout the Department have gone up, and all these increased charges have had to be met. The Government have considered the whole proposition from the point of view of the national well-being, but they think it is only fair that some commercial principle should be observed in conducting a big business like the Post and Telegraph Department. I do not say that we should make these undertakings exactly pay dividends, but all the commercial branches of our governmental activities should about carry themselves, if

no more. The day may come when we shall again have the cheaper rates, but I am afraid that they will never again be so cheap as they have been in the past. The total revenue from the Post Office in 1920 was £6,744,972, and the expenditure £6,649,655. The estimated additional revenue under this Bill is—from postage £1,000,000, and from telegrams £232,000. When one considers the increased expenditure necessary during the present abnormal period of high cost of material and increased wages, an additional revenue from this Department of £1,300,000 is not too much to look for to meet extra expenditure due to conditions arising out of the war. I shall be glad in Committee on the Bill to supply honorable senators with details of increases in rates levied in other countries, and any other information in my possession.

Senator GARDINER (New South Wales) [5.6].—I ask the Minister to agree to the adjournment of the debate until to-morrow. As I have already said, I have no objection to the Bill going through, but, in glancing at it, I believe that it will be dealt with more expeditiously if we are given a little time to consider it.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [5.7].—When I moved the suspension of the Standing Orders to expedite the passage of this Bill, I explained that I had no desire to limit discussion upon it. The Government do, however, desire that the Bill should be passed before the 1st October, and while I consent to Senator Gardiner's request, I shall, in doing so, ask the full co-operation of honorable senators in giving the Bill a quick despatch to-morrow.

Debate (on motion by Senator GARDINER) adjourned.

APPROPRIATION (WORKS AND BUILDINGS) BILL 1920-21.

SECOND READING.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [5.9].—I move—

That this Bill be now read a second time.

With the exception of the votes for the Defence Department and the Postmaster-General's Department, those included in

the schedule to this Bill are not substantial. Most of the larger items of expenditure will be found included in the Loan Bill, which will come on for consideration later. There is an item of £8,000 for the Federal Capital included in this Bill, and I understand that there is a desire to discuss the question of further expenditure at the Capital. I have no desire to restrict that discussion, but I suggest that it should not be taken on the item appearing in this Bill, but on the larger vote provided for expenditure at the Federal Capital in the Loan Bill.

The total amount asked for in this measure for additions, new works, and buildings is £3,070,502. Of this amount £2,000 is asked for the Parliament, £321 for the Treasury, £41,327 for the Home and Territories Department, £1,302,153 for the Department of Defence (Military), £313,214 for the Department of the Navy, £294,200 for Departments of the Navy and Defence (Air Services), £42,031 for the Department of Trade and Customs, £392 for the Department of Works and Railways, and £1,074,864 for the Postmaster-General's Department. These votes will be met out of revenue. Honorable senators will understand that during the war period, and especially from 1917-18 onwards, expenditure upon public works in this country has been very greatly restricted, with the result that many of the Departments are behind in this regard. There is provision made in this Bill for some expenditure in connexion with the Arsenal. We have learned that whilst we have the men in this country for its defence we must provide them with arms and munitions. I have explained that a vote of £1,074,864 is put down for the Postmaster-General's Department, but honorable senators will agree that justice in the matter of expenditure has not been done to this Department during the last few years. Settlement is rapidly expanding, and our Post and Telegraph Department should be right up to date. I can give honorable senators some figures which show the expenditure upon new works out of revenue in recent years. In 1913-14 the expenditure was £2,575,000; in 1914-15 £2,600,000; in 1915-16, £2,900,000; and in 1916-17, £4,200,000. Then there was a considerable drop in the expenditure due to war conditions, and in 1917-18 the expenditure on new works was only £622,000. In 1918-19

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it was £407,000, and in 1919-20 £312,000. This year it is proposed to spend, as I have said, £3,070,502. Nearly all the new works provided for under this Bill are works which should have been carried out during the last two or three years, but have been delayed because of war conditions. I hope that honorable senators will not find anything to which to take exception in this Bill.

Question resolved in the affirmative.

Bill read a second time.

In Committee:

Clauses 1 to 3 agreed to.

Schedule.

Senator PAYNE (Tasmania) [5.15].

—I see in the schedule a vote of £2,000 for the Parliament. I should like from the Minister a brief explanation of what it is intended to do with this £2,000 for additional accommodation.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [5.16].—This vote of £2,000 is an instalment of a total estimated expenditure of £6,000 on temporary additions on the first floor of the north wing of Parliament House. It is intended to provide hat and cloak rooms, lavatories, and four rooms for the accommodation of Ministers. Any one who knows this building will agree with me that the accommodation provided is very limited. I do not think that an expenditure of £2,000 a year for three years to improve that accommodation will be regarded as excessive. Honorable senators who desire to do business here know that it is almost impossible to secure a room in which they can have ten minutes' chat with persons whom they desire to see. The accommodation provided for Ministers is such that nine Ministers are accommodated in one room on the House of Representatives side of the building. I do not think that honorable senators will object to reasonable expenditure to enable Ministers to do their work under decent conditions.

Senator EARLE (Tasmania) [5.18].—

I suppose that we must not encroach on what will possibly be a full dress debate on an item to be presented later on concerning the removal of the Seat of Government to another position. If I might anticipate that consummation, which several honorable senators devoutly wish may be deferred for some

time, I think it would be well if the Government gave further consideration to a report presented to Parliament by the Joint Committee on Public Accounts, suggesting the necessity of the Government reconsidering the whole position regarding the housing not only of the Federal Parliament, but of the public servants in this State. It was pointed out by that Committee that, in Melbourne to-day, we occupy about forty premises in about fifteen different streets, and are paying about £20,000 a year in rent for public offices. Honorable senators, from their personal experience, will be convinced that the accommodation provided in this building is altogether insufficient. What will become of the small vote set down in the schedule of this Bill I do not know; but if we are going to move to some other place in the near future this proposed expenditure of £2,000 will go to the landlords of these premises, without, I suppose, any compensation to the Commonwealth. I know that additional accommodation for Parliament is badly required, and I am, therefore, very reluctant to oppose this vote.

Senator RUSSELL.—We pay no rent for this building.

Senator EARLE.—I am aware of that, but we must leave these premises later on, and if we spend this £2,000 upon additions to it we must leave them without compensation.

Senator RUSSELL.—We cannot leave the building as good as we found it.

Senator EARLE.—I do not know about that. I do not think that this building has in any way deteriorated as the result of its occupation by the Commonwealth Parliament during the last twenty years. I know that additional accommodation is badly required, and I, therefore, do not object to this vote, although I consider that we are working on wrong lines.

Senator PAYNE (Tasmania) [5.20].—I observe that it is proposed to practically double the expenditure during the current year on Northern Territory works. The amount voted last year was £15,100, and the total vote for 1920-1921 is £30,319. I should like some information from the Minister concerning this additional expenditure.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [5.21].—Additions to the Darwin hospital

involve an expenditure of £3,270. This is to meet expenditure authorized during last financial year in connexion with provision for electric lighting, plant and purchase of material, construction of a lock hospital, maternity home, and incinerator shed.

Senator PAYNE.—The proposed expenditure on water boring is double that of last year.

Senator J. F. GUTHRIE.—And it is a very wise provision.

Senator RUSSELL.—I have a report stating that a contract was entered into with Mr. S. Peacock for eight bores to be completed by 1921 for £16,000. Of these one has been bored but not equipped; the second is partly bored, and no equipment has been provided. The estimated cost of boring the above holes is £4,830; purchase of equipment, £5,018; transport, insurance, freight, stevedoring, on equipment, about 60 tons, £3,608; or a total of £13,456. Additional boring and transport of plant is to be provided for £1,803. The latter item provides for a bore at Wiandangie—Hatches Creek, the track to break up a long stage between Elkedra and Lake Nash station bores. There are several other details of items covering the erection of oil stores, construction of roads, culverts and bridges, the aboriginal station at Daly River, improvements to buildings at Mataranka, and fencing at Oenpelli.

Senator NEWLAND.—Can the Minister say where the bores are being put down?

Senator RUSSELL.—I am sorry I cannot give the honorable senator details except that £1,500 is to be spent on a storage well at Myilly Point.

Senator NEWLAND.—That is in Darwin.

Senator J. F. GUTHRIE (Victoria) [5.23].—I should like to congratulate the Ministry upon the amount provided for water boring in the Northern Territory. My experience is that the only practical work done for the development of that great empty Territory is the provision for water supplies, both for travelling stock and for those who want to prospect for minerals. I should like to know if the contract with S. Peacock specifies if the bores have to be completed; that is to say, if he is required to go to any stated depth before abandoning operations in any particular place. I do not know whether the Minister can answer my question, but from my point of view it is important to

know details of contracts like these. It is important also, to know the situation of the bores, and whether the contractor is boring for artesian or sub-artesian water. I hope they are being put down on the stock routes, because at present cattle cannot be brought to market from vast areas in the Northern Territory simply because, while there is plenty of grass, there is no water on the track.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [5.25].—I regret I am not in a position to give the details asked for by the honorable senator, as the vote covers a very large number of contracts. I shall, however, give instructions for a statement to be prepared for his information.

Senator PRATTEN (New South Wales) [5.27].—I direct attention to the proposed vote for the Department of Defence. This covers a number of activities. I do not know that any honorable senator can say that the money is not required. So far as I can see it is ear-marked for reserve munitions, and for the further development of the Commonwealth factories. The proposed expenditure on additional machinery and plant for the Woollen Cloth Factory, £38,240, should lead to a considerable increase in the output, and, from discussions we have had previously with regard to this factory, we may assume that that certainly will not be undesirable. I am, however, somewhat hazy as to the item, £287,048, to be paid to the credit of Trust Fund, Small Arms Ammunition Account, for reserve of small arms ammunition. I am hazy, because I notice there is £266,000 for reserve of rifles. So far as I can see the first-named amount must mean the sum to be expended upon small arms ammunition.

Senator RUSSELL.—No. It is an annual contract entered into with the Colonial Ammunition Company for the supply of the ordinary munitions, and it is paid from a Trust Fund.

Senator PRATTEN. — Then the amount is paid indirectly, instead of directly, from the Defence Estimates. That is to say, it is paid from Defence to a Trust Fund, and from the Trust Fund to the contractor?

Senator RUSSELL.—That is so.

Senator PRATTEN.—There is also £262,400 towards the supply of heavy

guns and reserve of gun ammunition. I do not see how any honorable senator can criticise that item, for it is common knowledge that we cannot make heavy guns in Australia. Neither can we make heavy gun ammunition. I should like some information from the Minister as to how the money is to be expended. I will not be disappointed if I cannot get it, because in the absence of the Minister for Defence (Senator Pearce) it cannot be expected that Senator Russell will have all the details at his fingers' ends. Apparently this money will be spent in England for the purchase of heavy guns and ammunition, as they are not made here yet; but, if I am wrong in my assumption, all the better, because, in spite of all the furbelows, ruffs, and red tabs of the military authorities, I rather incline to the opinion that the real basis of our defence lies in the development of our munition factories, and that money now being spent on defence really amounts to putting the roof on a building before the foundations have been laid. I am glad to see the sum of £6,152 voted for the Acetate of Lime Factory, machinery and plant, also £35,000 for the Small Arms Factory, and a similar amount for the Cordite Factory, and Acetate of Lime Factory reserve stores, because we are now making a start to provide ourselves with the full equipment, and munitions of war. I do not attach so much importance to the training of men and officers as to the building up of our existing factories for the supply of munitions and other war equipment, without which millions of men do not count. I should like information about the supply of these heavy guns and reserve of gun ammunition, and if I am due for a surprise, and if the Minister is going to tell me that the money is to be spent in Australia, I shall hail with much satisfaction the development that has been made in this direction.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [5.32].—Whilst I am not in a position to give the honorable senator detailed information, I have no hesitation in saying that I agree with him, that we should make every preparation for supplying our own munitions and materials. Now that we have taken definite steps at

Maribyrnong and Lithgow, I think we shall in the future be able to make big gun ammunition in Australia.

Senator PRATTEN.—Is this expenditure for that purpose?

Senator RUSSELL.—Partly. The big guns, of course, will be brought from Great Britain, and the present time offers a good opportunity to get cheap guns of the latest type and reserves of big-gun ammunition. It is not a very pleasant subject to discuss, but we all realize that a country without the biggest and most effective guns available would during war be in a very dangerous position. There is little or no big ammunition in Australia, and the process of building up reserves is a costly one, so it must be spread over a number of years. We are providing instalments of ammunition, and, for the purpose of annual training, we are gradually accumulating a sufficient reserve to give us reasonable protection. I remind honorable senators that the Minister for Defence (Senator Pearce) made a full statement recently concerning the Defence policy of the Government, and probably it would repay honorable senators if they re-read that speech.

Senator ELLIOTT (Victoria) [5.34].—I should imagine, now that the war is over, that there is not the same demand for uniforms, and therefore it should not be necessary to provide for additional machinery and plant at the Woollen Cloth Factory. The factory was equal to the demands made upon it during the war period, and it ought now to be able to keep pace with normal requirements.

Senator RUSSELL.—Is the honorable senator contending that it is sufficient to meet our present requirements? The plant is inadequate at present.

Senator J. F. GUTHRIE.—It would be good business if we spent five times as much.

Senator RUSSELL.—We met the requirements of the Australian Imperial Force by keeping the clothing off the backs of the cadets.

Senator ELLIOTT.—Now the Australian Imperial Force has gone out of existence, there will not be more men requiring uniforms.

Senator DE LARGIE.—But material may be required for other than soldiers' uniforms.

Senator ELLIOTT.—Is it the intention of the Government to provide with this plant uniforms or clothing for people other than soldiers?

Senator RUSSELL.—Yes. When the soldiers drop out the boys will be placed in training in various grades.

Senator ELLIOTT.—Their total number will not be greater than that of the Australian Imperial Force.

Senator RUSSELL.—There are 27,000 or 28,000 moving up each year.

Senator ELLIOTT.—The contemplated proposal of the Government is to have five divisions of infantry and two divisions of light horse, which is practically what the Australian Imperial Force consisted of on a war basis. If these mills were constructed to produce sufficient clothing to make uniforms for the members of the Australian Imperial Force on active service, where the wear and tear was infinitely greater than it is on home service, the plant should be sufficient to provide for the needs of a peace army. If it is the intention of the Government to issue cloth to civilians it is another matter.

Senator J. F. GUTHRIE.—The returned soldiers should be considered first, and there is not nearly sufficient for them.

Senator ELLIOTT.—If they have to wait until additional plant is obtained it will be too late, as I understand it will take at least two years to secure the machinery which is on order at present. The soldiers interested in the Geelong Woollen Mill have said that it will take two years before they can secure additional plant.

Senator RUSSELL.—But it must be remembered that in dealing with such a country as Great Britain a Government order would receive preferential treatment.

Senator ELLIOTT.—Possibly so. The Government have provided a large amount for heavy artillery, and in this connexion it may be mentioned that a report recently appeared in the newspapers that Great Britain had offered to supply Australia with a number of heavy guns at practically half price. If such is the case, will that mean that a saving

will be effected, and that the amount placed on the Estimates will be reduced?

Senator RUSSELL (Victoria — Vice-President of the Executive Council) [5.39].—No. Great Britain was always prepared to make such a concession, and this is no attempt on the part of the Government to introduce some socialistic scheme for conducting an undertaking of this character. When the Government make up their minds to do anything in that direction they will take the people into their confidence. This is a proposal to increase the plant to enable us, when normal conditions of training prevail, to supply the whole of the requirements of our Citizen Forces, and we are attempting to meet the difficulties which arose under war conditions. The material is required, and we desire to make the best use of the plant that is available. Reference has been made to the work which was done by the Geelong Woollen Mill, and in fairness it must be said that, considering the size of the plant, the work performed was wonderful. But it must be remembered that the requirements of the Australian Imperial Force were met by requisitioning the services of the Vickers' Mill, and those at Ballarat and Castlemaine. Although we did very well by collective effort, it cannot be said that the Government Clothing Factory at Geelong is entitled to all the credit. It is assumed that if the plant is extended in the direction desired, it will be able to supply more cloth to the soldiers; and, personally, I wish we were in a position to manufacture five or six times the present quantity. Now the war is over and we are not supplying material for men on active service, we hope the plant will be sufficient to meet the full demands of the Military Forces of Australia.

Senator J. F. GUTHRIE (Victoria) [5.41].—I am rather surprised at Senator Elliott expressing any opposition to a modest expenditure of £38,000 for increasing the machinery at the Federal Woollen Mill, because it has been clearly shown in this chamber how necessary it is for the Government to expedite the manufacture of these splendid tweeds at a reasonable price to enable returned soldiers to secure suit lengths. I thought that Senator Elliott would have known that the equipment of the mills at pre-

sent is quite inadequate, and the Minister has shown that during the war period the output was insufficient, as the woollen mills of Australia had to be requisitioned to supply not only the material required for the Cadets and Military Forces generally, but for uniforms for the Postal, Naval, and other Departments. It is a splendidly conducted mill, which is very well equipped, and I am led to believe that this modest expenditure on machinery will be the means of doubling the output. The buildings are large and very well designed; fresh water can be obtained free, or at a low cost, and there is sufficient power available to run a greater number of looms. Personally, I am very surprised at the smallness of the amount, and if the plant is to do the work which I believe it will, I cannot understand any honorable senator opposing additional expenditure on such a splendid scheme. I do not consider it socialistic in any way.

Senator ELLIOTT.—But we are entitled to ask for information.

Senator J. F. GUTHRIE.—Exactly; but I would like to point out that the mill has been a splendid undertaking from the outset, and honorable senators can see from a perusal of the balance-sheet of last year that it is not by any means a white elephant. It has done excellent work for Australia, and has shown a net profit of over £22,000. I understand the Government have cabled for extra machinery, and the sooner it is possible for the whole of our Government requirements to be made in Australia the better it will be for the community generally. I wish it were possible to so equip that mill that cloth could be manufactured at a reasonable price, not only for Government Departments, but for soldiers' sailors, and their dependants, because the people of Australia are at present paying altogether too high a price either to the manufacturers or to the Flinderslane magnates. I welcome any so-called socialistic scheme if it is the intention to work along the line adopted by the Federal Woollen Mills.

Senator PAYNE (Tasmania) [5.45].—I do not regard Senator Elliott's observations as being in opposition to this particular item. He is anxious to obtain from the Vice-President of the Executive Council (Senator Russell) some information in regard to additional ex-

penditure, and surely any honorable senator is entitled to ask for an explanation. I am sure Senator Elliott did not desire to oppose the item, the expenditure in connexion with which is in the interests of our returned men. Personally, I welcome the additional outlay, because I recognise the good work that the Commonwealth Clothing Factory has done, and especially do I welcome it because it will make provision for avoiding the contingency which occurred at the outbreak of hostilities, when the services of private mills had to be requisitioned. This caused considerable hardship to many people in Australia, who accepted the inconvenience in a cheerful spirit, because they knew that equipment was necessary for the brave men who went to fight for us. If the Commonwealth mills are placed on a satisfactory basis it will mean that should ever the occasion arise for an increased output in the future, the Commonwealth mills will be able to handle the work expeditiously, and that the private mills can continue working on behalf of the civilian population of the Commonwealth. I trust that the additional amount the Government will have at their disposal will enable the factory to manufacture the requisite quantity of material, not only for providing military and naval uniforms, but, if necessary, all that is required for returned soldiers and their dependants. I look upon this expenditure as reproductive, and anything of that character will always have my support.

Senator PRATTEN (New South Wales) [5.48].—I rise again because, under the Standing Orders, I am restricted to fifteen minutes in connexion with any observations that I may have to make in committee. It has occurred to me in going through these Estimates, that we are somewhat "topsy turvy" in our methods, as we ought to be discussing the Budget, which is the foundation of all these items. To-day we are considering departmental estimates piece-meal, including a sum of money for manufacturing tweed, another amount for a cordite factory, and something else for heavy guns. We are going right through the whole gamut of Commonwealth administration, and we have not yet discussed the main principles which ought to guide us on these

matters. It is not in accordance with what I consider the proper procedure.

Senator RUSSELL.—These items always come down in a separate Bill.

Senator PRATTEN.—I am quite aware of that, because I know the items in the Budget come down in a number of separate measures. We have one measure relating to expenditure on works and buildings, and later we shall have to discuss Loan Bills, and measures relating to Supply, and this conglomeration makes up the sum total of the Budget. I think the Vice-President of the Executive Council (Senator Russell) ought to give us some opportunity of discussing national finance, as I am anxious to deal with fundamental principles. At the present juncture I cannot say whether it is a good policy or not to increase the Defence Estimates, for instance, this year by a sum of nearly £1,250,000, as compared with last year, when I am not given the opportunity of reviewing what we intend to spend, and what can be raised.

Senator RUSSELL.—Quite apart from that, are we to hold up public works until Parliament has passed the Budget? We would have chaos if our public works could not be kept going.

Senator PRATTEN.—I cannot agree with the Minister that we would have chaos if matters were taken in their proper order. Honorable senators should have an opportunity of expressing an opinion.

Senator RUSSELL.—If we did not pass this Bill no money would be available until the Budget was disposed of, and that might take months in this Parliament.

Senator PRATTEN.—I do not desire that these Bills should be dropped, but I am imbibing with my marmalade every morning opinions expressed by the scribes of Australia in regard to the Budget, and honorable senators should be afforded an opportunity of saying exactly what they think of it. I have known occasions upon which the Budget has been presented to this Chamber by a Minister and immediately after some honorable senator has moved the adjournment of the debate. That has been the last of the matter—the Budget has disappeared in the mists of obscurity. We have never been afforded an opportunity of discussing national finance. I am sure that the

Vice-President of the Executive Council (Senator Russell) will recognise that some honorable senators have an excuse for feeling restive if they are not given an opportunity of expressing an opinion upon the Budget which may be quite different from that which has been expressed by the Melbourne parochial press.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [5.51].—I feel sure that Senator Pratten will recognise that the Government have not a free choice as to the order in which they submit business to the two branches of the Legislature. Only to-day I secured the suspension of Standing Orders with a view to passing the Postal Rates Bill through all its stages. Unfortunately, however, my efforts in that direction were unsuccessful.

Senator PRATTEN.—Will the Vice-President of the Executive Council afford us an opportunity to discuss the Budget after dinner this evening?

Senator RUSSELL.—It would take us several months to get the Budget through, if honorable senators were to concentrate upon it alone. Whilst they would thus be afforded ample scope for letting loose floods of eloquence, we have to remember that the various Departments would be awaiting for the necessary authority to proceed with their different works. Take the Murray Waters scheme as an example. We should be occupied six months if we exhaustively debated the question of voting the amount which it is proposed to expend upon that scheme.

Senator PRATTEN.—It would not occupy us six days.

Senator RUSSELL.—The honorable senator is forgetting that it is not the Senate, but the entire Parliament, which has to approve of the expenditure of money. This Chamber has no effective control over expenditure. The power of suggestion, if used insistently, would inevitably result in a double dissolution. That expedient has been tried once, and it is not likely to be hurriedly resorted to again. Instead of indulging in academic discussions—

Senator PRATTEN.—I think that the Vice-President of the Executive Council should substitute the word "practical" for "academic."

Senator RUSSELL.—Not at all. I am merely dealing with the position as it exists under our Constitution. I repeat that the Government have not a free choice as to the order in which they submit business to honorable senators. We have merely brought down a number of Bills which we deem to be most urgent at the present time. We are bound to get certain taxation measures passed before a specified period, otherwise we shall lose revenue, which would be a very serious matter in view of the financial position of the Commonwealth. Senator Pratten wishes to indulge in a set debate upon our national finances, and if he will only behave well, he will doubtless be afforded the opportunity that he seeks. I hope to make a more definite statement regarding this matter prior to the adjournment of the Senate this week.

Senator PRATTEN (New South Wales) [5.55].—In connexion with the Department for the Navy, I desire to make a few remarks. There is a good deal yet to be said in regard to the position, not only of the Australian officers of our Navy, but also of the cadets who have graduated from the Naval Training College at Jervis Bay. I have no desire to anticipate discussion upon the Naval Estimates, but I suggest to the Minister for the Navy (Mr. Laird Smith) that he is looking for trouble if he intends to grant priority in the filling of official positions by Royal Naval men. I have previously voiced the unsatisfactory position—from the stand-point of the Commonwealth—that is occupied by the naval men who have been loaned to it by England. I am hopeful that before this Parliament rises from a long, arduous, but, I trust, practical, session, the Minister will make some pronouncement in connexion with the revelation which is now in progress in our Navy—a pronouncement which will be satisfactory to all who believe that an Australian Fleet should be manned by Australian officers.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [5.58].—Senator Pratten, I am sure, does not expect me to make a detailed reply to his statement. I have taken a note of his objection, which I will submit to my colleague, the Minister for the Navy.

Senator EARLE (Tasmania) [5.59].—I desire to direct the attention of the Vice-President of the Executive Council

(Senator Russell) to a regulation under the Quarantine Act which presses harshly upon Inter-State shipping companies. I suppose that every honorable senator has received a memorandum from these companies in regard to this matter—certainly I have had reams of correspondence concerning it. It appears to me that a very genuine case of hardship is involved, and one which may seriously affect Australia should another epidemic of disease of a contagious character break out here. Under our quarantine regulations, shipping companies are responsible for the maintenance, nursing, and medical attention of the whole of the passengers who are quarantined during any such epidemic. That provision is quite all right so far as foreign shipping is concerned, because the shipping company is bound to adopt proper safeguards to avoid bringing to Australia persons who are suffering from contagious diseases. It is absurd, however, to suppose that ships trading from Melbourne to Sydney, Brisbane, or Adelaide, should be held responsible for the maintenance, nursing, and medical attention of passengers who are quarantined for the purpose of protecting one or more States from the danger of infection. According to statements which have been made by some shipping companies, they will be forced out of business should another epidemic occur under similar conditions to those which accompanied the influenza epidemic of last year. I hope that the Vice-President of the Executive Council will consult his colleagues in regard to the possibility of making some arrangement under which the Government, jointly with the passengers and the shipping companies, will bear the cost of quarantine under such circumstances.

Senator PAYNE (Tasmania) [6.0].—The point which has been raised by Senator Earle is a very important one, in view of the fact that the restrictions which are imposed in regard to the quarantining of persons infected by contagious disease are imposed in the interests of the whole community. That is the point which should be stressed, and I trust that the Vice-President of the Executive Council (Senator Russell) and his colleagues will view the matter from that angle. Seeing that every effort made to prevent the spread of disease in Australia is made in the interests of the whole community, it is obviously unfair that one section

should be unduly penalized. In such circumstances the community should surely foot the bill. I hope that the Vice-President of the Executive Council will consider the necessity which exists for amending the regulations under our Quarantine Act, or that the Government, if they intend to introduce an amending Quarantine Bill this session, will bear in mind the representations which have been made upon this matter when that measure is being drafted.

Senator KEATING (Tasmania) [6.3].—There is just one phase of the question which has been mentioned by Senator Earle and Senator Payne to which I desire to refer. Under our Quarantine Act, the obligation is thrown upon the ship-owner of bearing the expenditure connected with the quarantining of passengers. Seeing that that expenditure is incurred in the interests of the whole community, the community should foot the bill. But in the early part of last year, when quarantine regulations were operating in respect of traffic between Tasmania and the mainland, the passengers themselves were called upon to pay their quarantine expenses. At that time the Commonwealth possessed exclusive control of shipping. By reason of that circumstance, it evaded the obligations which would have fallen upon the shipping companies, had those companies been carrying on under normal conditions. The Commonwealth Government took advantage of its position, and forced upon the individual passengers an obligation which this Parliament had affirmed should not fall upon them, but upon the shipping companies.

Senator DE LARGIE.—But the companies pass the obligation on to the passengers.

Senator KEATING.—No.

Senator DE LARGIE.—Let the honorable senator read the conditions attached to the issue of tickets by the steam-ship companies, and he will see that my statement is correct.

Senator KEATING.—The companies print upon the back of the passenger tickets which they issue certain conditions, but some of those conditions, if contested, would be held to be invalid. The companies endeavour to contract themselves out of their liabilities. I will not say it is camouflage, but it is certainly bluff. So far as the quarantine conditions are concerned, the Commonwealth

Government put itself in a position in which it insisted by its legislation that no company should place itself, and there were numerous individual cases of hardship. People who went into quarantine not only lost time, but were subjected to expense to which they would not have been subjected had it not been for the Commonwealth Shipping Control. If the Government thinks that is the proper way to act towards the individual in those instances, because it was then controlling and operating Inter-State shipping, it might surely take some proper view of this matter for shipping companies for the future.

Senator J. F. GUTHRIE (Victoria) [6.6].—I draw attention to the item of £200 for the animal quarantine station in Victoria. That is not nearly sufficient to make the necessary improvements in the accommodation in this State. There are at the present time animals worth £2,000 each in the quarantine ground on the Yarra-bank, incurring dangers, and with deaths of frequent occurrence, owing to the inadequate provision made for them. I understand that the animal quarantine grounds actually belong to the State of Victoria, and are leased or lent to the Commonwealth. I am sorry these items are being rushed through, because proper consideration has not been given to the accommodation for valuable imported animals. It is the desire of the Governments and people of the Commonwealth to encourage the importation of high-class stud stock. People who import high-class stud stock to any country are national benefactors; but at the present time those who import stud stock to Victoria find the accommodation scandalously bad and dangerous. Cattle can rub noses with any diseased beast on adjoining blocks of land, all sorts of diseases are contracted, and the animals die. The only safe way that we can import stud stock into Victoria at present is *via* New South Wales. The accommodation provided by the Commonwealth Government in Victoria for quarantining animals is an absolute disgrace. I am sorry that a larger amount is not included in these Estimates to improve it. I do not know in what manner I can move to have the amount increased. The Government should have consulted veterinary surgeons and other experts on the subject. If there is any way in which I can do so, I should like to fight for a

much greater vote than £200 for this very necessary purpose.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [6.9].—The proposed vote is largely for quarantine buildings. It includes £62,000 for alterations and additions and for new buildings and stations. The items are portion of a scheme formulated by the Director of Quarantine to provide increased accommodation at the various quarantine stations for the proper housing of the staffs, and for other services attending the efficient working of the stations. Past experience has shown that such accommodation is very necessary, so that any epidemic which may arise may be coped with. Owing to the reduced provision last year, particularly for Western Australia, services were postponed, but their early completion is considered essential. There is a vote of £10,545 for completing stables and other works at the Serum Institute in Victoria. We ask for £500 for the erection of a tetanus laboratory, £1,000 for the extension of stables for which a contract was let last year, £2,100 for Director's quarters, £450 for fencing, £550 for removing caretaker's quarters, £200 for removing old stables, £1,500 for a new refrigerator, and £500 for sundry other works. I forget the exact system on which we contributed last year in the matter of payments for quarantine, but I know we contributed rather heavily. Originally I think we paid at the rate of 27s. 6d. per week, but eventually we agreed to come in and pay half the expense. In addition, a number of soldiers and others were quarantined, and the cost in those cases became practically the full responsibility of the Commonwealth Government. My individual opinion is that the cost of quarantine ought to be borne by the whole community as a form of national insurance. It is all very well to say that the chances are that we will escape, and have no expense; but epidemics happen most unexpectedly. To be quarantined means a good deal of expense, and perhaps debt, to a man who has not much money; and in these times it may take him a long period to get out of debt. I have a good deal of sympathy with those who have to be quarantined, and will undertake to bring under the notice of the Minister for Trade and Customs (Mr. Greene) the question of whether it is not possible to

charge such expense to the general revenue, so that the whole burden may be borne by the community, thus placing it on the same basis as a shipping or accident insurance policy. Something should be done to relieve people who are suddenly brought under quarantine conditions. I hope to meet with some little success in making representations on these lines to the responsible Minister.

Senator PRATTEN (New South Wales) [6.12].—I offer my heartiest congratulations to the Government and the Postmaster-General's Department for placing an item of £900,000 on the Estimates this year for telegraphs, telephones, &c., as against £165,000 spent last year. It is very badly wanted. There is an indication in the Works Estimates of a complete alteration of the policy of the Department, that alteration being in the direction of realizing that the services must be efficient, and that hitherto they have been starved.

Schedule agreed to.

Preamble and title agreed to.

Bill reported without amendment; report adopted.

Bill read a third time.

ADJOURNMENT.

CONDUCT OF BUSINESS.

Motion (by **Senator RUSSELL**) proposed—

That the Senate do now adjourn.

Senator PRATTEN (New South Wales) [6.15].—I understood from the diplomatic remarks of the Vice-President of the Executive Council (**Senator Russell**) a few minutes ago, that he would be quite willing for the Senate to meet again at 8 o'clock to-night in order to give honorable senators an opportunity to discuss the question of finance in connexion with the Budget. Every Wednesday, honorable senators from other States arrive in Melbourne, and all of them desire that the time between their arrival on Wednesday and their departure on Friday afternoon should be devoted to the purpose for which they come here. The Minister suggested that there was a tremendous amount of urgent business that the Government wanted to get through, yet after a sitting that has lasted only three and a quarter hours he proposes that the Senate should adjourn until 3 o'clock to-morrow.

Senator RUSSELL.—We are at a dead end. I have no Bills.

Senator PRATTEN.—There is no dead end if the Minister will allow the discussion to continue on the motion that the Budget papers be printed. We are here to try to do the business of the country, and it is not pleasant for honorable senators coming from other States that business should be rushed through spasmodically, while precious time which we wish to devote to business is wasted. I am sorry the Minister has seen fit, in his wisdom, to move the adjournment, in spite of the kind words with which he led me to believe that there would be a possibility of discussing the Budget to-night. I shall vote against the motion.

Senator GARDINER (New South Wales) [6.18].—I support what **Senator Pratten** has said much better than I can say it. My objection is to the method in which business is being transacted. The business will not run through to-morrow as smoothly as it has done to-day, because honorable senators are coming to the conclusion that it is of no use to try to assist the Government. That is the conclusion I have come to. Personally, I should like the Budget to be considered after the usual suspension of the sitting for dinner. No doubt the Minister will tell us the reason why he wishes the Senate to adjourn now. I am under the impression that the Senate will not adjourn before half-past 6.

Senator RUSSELL.—If it is the general wish of honorable senators to sit after dinner, I have no objection.

Senator GARDINER.—I think the Senate will have to come back after half-past 6. It would be as well, therefore, for the Minister to withdraw the motion so that we may be able to do some work after dinner.

Senator THOMAS.—What can we go on with?

Senator GARDINER.—What is wrong with the Budget?

Senator THOMAS.—We do not want to meet just for the fun of meeting.

Senator RUSSELL.—I do not want the honorable senator to be misled by **Senator Pratten's** statement that I made a definite promise regarding to-night.

Senator GARDINER.—I am not influenced by what **Senator Pratten** said. I am realizing that for quite a number of Wednesdays we have adjourned before

half-past 6. Many honorable senators have to come a long way to transact public business, and when they are here they like to get through as much important business as possible. Much of that business might be considered this evening. There are quite a number of important questions coming up for discussion. The Vice-President of the Executive Council (Senator Russell) was good enough, at my request, to postpone the consideration of one measure this afternoon. It is an important measure, and I should not have asked for the postponement of its consideration had I not expected that other business would be dealt with this evening. I can see now that I helped to delay the business of the Senate by securing the adjournment of the debate on the Postal Rates Bill.

Senator THOMAS.—Why?

Senator GARDINER.—For the simple reason that if the other business which I anticipated would be considered this evening is not to be dealt with, and the debate on the second reading of the Postal Rates Bill is to be taken to-morrow, we may not consider the other business until next week. I asked questions some time ago concerning the erection of War Service Homes. I did not then secure the information I desired, and, perhaps, the Vice-President of the Executive Council (Senator Russell) is in a position to-night to reply to the last set of questions I asked. I was informed that the information I sought was being obtained. I do not know how long it takes Ministers to get information. I put some questions on the business-paper, which were worded in a perfectly fair manner. I desired to learn how many soldiers' homes were constructed by Kirkpatrick, the architect, and how many by the War Service Homes Commission. The Minister for Repatriation (Senator E. D. Millen)—I am sorry that he is not present, but we shall have to say a good deal about him when he is not here, and I might as well say something now—in answering my questions, did not give me the information I required. I wish to be in a position to set, side by side, the results obtained in leaving the building of these soldiers' homes to the architect referred to, and those obtained where the erection of these homes was undertaken by the War Service Homes Commissioner.

Senator THOMAS.—The Minister has moved the adjournment of the Senate, and, if Senator Gardiner, by speaking until the usual hour for suspending the sitting, brings us back here at 8 o'clock, the debate on the motion may go on for only half-an-hour, and the Senate will adjourn then. If that is to be the position we might as well adjourn now as at half-past 8 o'clock.

Senator GARDINER.—As I can see that Senator Thomas is quite logical in what he says, I shall resume my seat.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [6.27].—I regret that Senator Pratten should appear to be under some misunderstanding. He put a question to me, desiring to know when an opportunity would be given for the discussion of the Budget. I told the honorable senator that I would confer with my colleagues and see whether a special day could not be set down for a full and free discussion of it. In the past, members of the Senate had to put up a fight to secure for this Chamber an opportunity to fully discuss the Budget. I was a fighter in the brigade that won that opportunity, and I certainly do not propose that the Senate should now abandon the right which we then secured. I am a little sensitive concerning the business of the Senate, as I am alone representing the Government at present in this chamber, and I am anxious not to have to work overtime. I do not make any personal appeal to honorable senators, but, if they desire a full and free discussion of the Budget, I am prepared to go on this evening. Whilst I desire, if possible, to meet any request made to me by an honorable senator, I cannot take the request of a single member of the Senate as indicative of the feelings of honorable senators generally. I am doubtful whether we should be able to secure a quorum after dinner if honorable senators are given to understand that the only matter to be discussed will be the Budget, and that the debate upon it is not likely to be concluded. I am, however, entirely in the hands of honorable senators. If they express a general desire I am prepared to continue after dinner, but I shall not withdraw the motion at this stage unless there is an expression of such a desire by honorable senators generally.

The PRESIDENT (Senator the Hon. T. Givens).—If the motion is put to the Senate it cannot then be withdrawn, and there must be a decision given upon it.

Question.—That the Senate do now adjourn—put. The Senate divided.

Ayes .. 11

Noes .. 5

Majority .. 6

AYES.

Bakhap, T. J. K.	Rowell, J.
Benny, B.	Russell, E. J.
Cox, C. F.	Thomas, J.
Drake-Brockman, E. A.	Wilson, R. V.
Elliott, H. E.	<i>Teller:</i>
Newland, J.	de Largie, H.

NOES.

Buzacott, R.	Pratten, H. E.
Gardiner, A.	<i>Teller:</i>
Guthrie, J. F.	Payne, H. J. M.

Question so resolved in the affirmative.

Senate adjourned at 6.30 p.m.

House of Representatives.

Wednesday, 29 September, 1920.

Mr. SPEAKER (Hon. Sir Elliot Johnson) took the chair at 2.30 p.m., and read prayers.

WAR SERVICE HOMES.

BUILDING OPERATIONS IN SOUTH AUSTRALIA.

Mr. BLUNDELL.—I desire to ask the Minister representing the Minister for Repatriation whether it is correct, as stated by the South Australian Minister for Repatriation, that the responsibility for the difference of opinion between the Governments of South Australia and the Commonwealth in regard to the building of War Service Homes in that State rests entirely with the Federal Government, and that the statement by Senator E. D. Millen, that on the occasion of the recent Conference, the South Australian Minister said that he was going to discuss the matter with Cabinet for the purpose of arranging to carry on the work, was contrary to fact?

9 G

Mr. RODGERS.—The Minister for Repatriation (Senator Millen) was proposing to proceed in the ordinary way with the building of War Service Homes in South Australia, as in the other States, through the Commonwealth Bank, but representations were made to him by the honorable member for Adelaide (Mr. Blundell) and the honorable member for Wakefield (Mr. Richard Foster)—

Mr. TUDOR.—Be sure to omit the names of honorable members of the Opposition, who had also something to say on the subject.

Mr. RODGERS.—Then I shall say that the Minister considered the representations made to him by various honorable members, who pointed out that the South Australian Government had been doing effective work under its local housing scheme. As the result of these representations, he practically withdrew the operations of the Commonwealth Bank in that State, so far as the building of War Service Homes was concerned, and permitted the State Government to continue its own housing scheme on behalf of the Commonwealth. At the recent Conference, however, it was suggested by the South Australian Minister for Repatriation that the time had arrived when a new financial basis should be arranged as between the respective Governments. In consequence of what I might describe as the indefinite understanding existing between the two Ministers, the Commonwealth Minister for Repatriation was awaiting concrete proposals from the South Australian Minister. These have not yet come to hand, and in the interval the South Australian Minister has announced that he does not propose to proceed further with the building of soldiers' homes. The entire responsibility, therefore, now rests with the Commonwealth Minister for Repatriation. This he, and the Government as a whole, accepts. We shall proceed at once to build soldiers' homes in South Australia on the basis adopted in all the other States.

SHIPBUILDING.

OFFER FROM NEW SOUTH WALES GOVERNMENT.

Mr. WATKINS.—Has the Minister in charge of shipbuilding yet made any arrangement with the New South Wales

Government with a view to contracts being given them for the construction of vessels at Walsh Island?

Mr. POYNTON.—No definite arrangement has yet been made. Originally the New South Wales Government made an offer to build what are known as our 12,800-ton ships at something like £34 per ton. I accepted that offer, and subsequently notified the House of that decision. The New South Wales Government, however, failed to sign the necessary papers and specifications. At a considerably later date, they submitted a fresh offer to build these vessels at a cost of £51 2s. 6d. per ton. At that time we were negotiating with the different trade organizations carrying on operations in connexion with shipbuilding, and it was decided by the Commonwealth Government that nothing further should be done until an agreement had been arrived at with those organizations as to the new terms stipulated by us in regard to continuity of work, piece-work, and dilution. Until that agreement has been arrived at, the negotiations with the New South Wales Government will remain in abeyance. I have made it very clear, however, to the representatives of New South Wales that before I shall be prepared to accept an offer from the State Government to build these vessels for us at anything like the price quoted by them, the whole matter must be submitted to the House for approval.

WHEAT CROP: GUARANTEE.

Mr. HAY.—Having in view the urgent needs of the wheat-growers of the Commonwealth, and the necessity to at once make provision for the harvesting of their crops, I desire to ask the Prime Minister whether, in order to relieve the present situation, the Government are in a position to make a statement as to the payment of the guarantee of 5s. per bushel?

Mr. HUGHES.—I would refer my honorable friend to a rather lengthy statement on the subject which I made in the House on Thursday last. Since then the position has not changed. I hope to be able, quite shortly, to make a statement of the nature to which the honorable member has referred.

I explained on Thursday last that, to a very large extent, the amount that would be paid depended upon the financial position in which the Commonwealth found itself, and that that in turn depended upon forward sales, one of which we hoped would shortly be made. That one of itself was of such importance, I said, that it would materially affect the situation. I hope to be able, quite shortly, to make a statement which will fix the date and the amount of the payment to be made. I shall fix the minimum amount, and the question as to how much more shall be paid will depend entirely upon what progress we make with the forward sales, and also upon what arrangements of a financial character we can make to enable us to do what the farmers desire. The honorable member may assure his constituents, and the farmers of New South Wales generally, who have suffered very much through the drought, that we appreciate to the fullest their circumstances, and are not less anxious than they are that everything it is in our power to do should be done to help them.

NOTE ISSUE.

Mr. FLEMING.—Is it a fact that the Government are seriously setting about the matter of reducing the note issue? If so, can the Treasurer give the House any idea of the approximate rate of reduction?

Sir JOSEPH COOK.—The honorable member gives me a very large order in his question. However, I would like to say that, so far, I have been able to cancel £3,500,000 worth of notes within the last five or six weeks. To what extent we are able to continue that cancellation, of course, will depend on the extent to which the money of the Commonwealth is available for the purpose.

Mr. FENTON.—Have you redeemed those notes with gold?

Sir JOSEPH COOK.—No. The other day I purchased £1,500,000 worth of these notes with accumulated funds from the Australian Notes Fund, which, after all, is the sensible way of proceeding about this business. It is all very well for people with nothing to do but to propound theories to make this or that proposal, but I am surrounded with practical difficulties, through which I am endeavouring to thread my way as best I

can. While other people talk I am trying to do things. I am afraid the people of Australia, and particularly the workers, to whom the cost of living is a prime consideration, have some notion in their heads, due to the incessant dinning that has taken place, that a reduction in the cost of living will immediately follow the cancellation of our currency. Nothing can be further from the fact in my judgment, and it is mischievous propaganda to lead the people of this country to imagine so. In this regard prices are governed, not by the currency, but by the conditions prevailing throughout the world. It is the world-wide inflation that sensibly affects prices, not only here, but all over the world.

Mr. ATKINSON.—The deflation of currency would help a little.

Sir JOSEPH COOK.—It would, but only so far as it sensibly modifies the general inflation of the world. It is, I repeat, a world problem. If the theories which have been advanced were all true, one would imagine that having deflated our note issue by 10 per cent. since the Armistice there would be a corresponding reduction in prices, but the contrary is the case.

Mr. ATKINSON.—If you had not done it prices might have been 10 per cent. higher.

Sir JOSEPH COOK.—No, that is not so.

Mr. SPEAKER.—Interjections are not permissible when a Minister is answering a question.

Sir JOSEPH COOK.—If the honorable member wants proof he had better look to America, which furnishes a problem for the deflationists, because as gold has poured into that country so prices have gone up and not down.

Mr. ATKINSON.—Of course that always will be the case.

Mr. SPEAKER.—I remind the House that this is not a debate, but an answer to a question.

Sir JOSEPH COOK.—I am merely suggesting that this is not a local, but a world, problem, and I think Australia is standing up to her side of it in a way that leaves no room for cavilling. At any rate, I am doing my best in very difficult circumstances.

Mr. SPEAKER.—I take this opportunity of reminding the House that questions without notice should be

asked only on matters of an urgent nature, and that questions which may not be classed as urgent must not be asked without notice, but should be placed on the business-paper, particularly when they involve long and complicated answers. I remind honorable members also that interjections must not be made while questions are being answered; such a practice, if permitted, must invariably involve the House in an irregular debate.

PRICE OF COAL.

Mr. CHARLTON.—Has a Board been appointed to ascertain what should be the future selling price of coal at Newcastle? If so, can the Prime Minister say who have been appointed to that Board?

Mr. HUGHES.—The answer to the honorable member's question is "no." Seeing that I am not permitted to explain the position, I confine myself to that reply.

AVIATION.

CONVEYANCE OF MAILS.

Mr. GREGORY.—Is it the intention of the Defence Department to enter into arrangements with the Postal Department for the conveyance of mails instead of allowing this work to be undertaken by commercial aviation firms?

Sir GRANVILLE RYRIE.—It is the intention of the Air Council to experiment as to the feasibility or otherwise of letting contracts for the conveyance of mails by air. We think it advisable to test the matter by the Air Service on a given route before allowing civil aviation firms to embark on schemes for carrying mails.

EX-GUNNER YATES.

Mr. RILEY.—With reference to the report in the press of the finding of the Committee appointed to inquire into the war service of Gunner Yates, I would like to know if the Assistant Minister for Defence has received the Committee's finding, and whether he proposes to deal with the man who "sold him a pup?"

Sir GRANVILLE RYRIE.—I am now awaiting an opportunity to lay the papers on the table.

WAR SERVICE HOMES.

PURCHASE OF SAWMILLS IN VICTORIA—
BUILDING OPERATIONS IN SOUTH
AUSTRALIA.

Mr. GIBSON.—In this morning's newspapers, Colonel Walker, the War Service Homes Commissioner, has made reference to the purchase of certain sawmills in Beech Forest. Will the Minister representing the Minister for Repatriation tell us the names of the persons from whom the mills have been purchased, when the purchases were made, and the prices paid?

Mr. RODGERS.—Of course, the honorable member cannot expect an answer to a question dealing with such an extensive contract without giving notice of it.

Mr. RICHARD FOSTER.—As the South Australian State Bank, which has a complete organization for undertaking the construction of soldiers' homes, has offered to carry out this work for the Commonwealth in South Australia at a cost of $\frac{1}{2}$ per cent., will the Minister for Repatriation consult the State Government with a view to rendering it unnecessary for the Commonwealth to incur the expense of creating a staff of Commonwealth officials in that State to carry out the same class of work?

Mr. RODGERS.—I read to the House a few days ago a full statement by the Minister for Repatriation (Senator E. D. Millen) dealing with the relationship of South Australia to this matter, and that statement I have amplified twice since. I have reported the fact that the South Australian Government have announced that they have withdrawn from the building of homes, but, if representations are immediately forthcoming, they will be considered.

SUPPLY OF REFINED SUGAR.

Mr. BLUNDELL.—I desire to ask the Minister for Trade and Customs a question based on the following newspaper report of remarks by the manager of the Fruit-growers' Co-operative Jam Factory, South Australia:—

The manager mentioned that there were certain firms in Victoria and Tasmania who had had war contracts and who were still receiving their war rations of sugar. This meant they were getting more sugar than they needed for home requirements, with the result that to-day they were exporting jams. He was not complaining about the exporta-

tion of jams that was necessary, but he did object to such a state of affairs, seeing that his factory could not obtain sufficient sugar to meet the demands of the home trade, and had been warned that if they used any sugar for export jams its supplies of the commodity would be stopped.

Are the facts as stated in that paragraph; and, if so, do the Government propose to do anything to meet the situation?

Mr. GREENE.—So far as I know the position is not as stated in the newspaper extract read by the honorable member. Our object is, as far as possible, to meet the requirements of the various traders who deal in sugar, and give to each his fair quota. As I have explained to the House over and over again, owing to industrial troubles that have cropped up, and the difficulty that has been experienced in refining sugar, we are not in a position to give to everybody the full amount required.

Mr. HUGHES.—Why not eat brown sugar?

Mr. GREENE.—As the Prime Minister suggests, the home consumer can, to a very large extent, replace refined sugar with brown sugar; but I understand that the factories to which allusion is made cannot use brown sugar, and must have the refined article.

Mr. TUDOR.—Is it not correct that some factories are getting more than their share of refined sugar?

Mr. GREENE.—So far as one can say, the position is as I have stated.

THE MISSING AVIATORS.

Mr. McWILLIAMS.—Has the Minister in control of aviation any further report to make in regard to the missing aviators?

Sir GRANVILLE RYRIE.—Unfortunately, there is very little to report in connexion with the missing airmen, Captain Stutt and his mechanic; but Colonel Williams, the Administrator of the Air Service, informed me this morning that he has not given up hope. There are some islands not yet searched, but they are now being covered. Colonel Williams and myself are working together in close touch with the Navy Department. H.M.S. *Platypus* is out, and Major Anderson, on a second machine, equipped with wireless, is keeping in touch with

her. All arrangements are made for a thoroughly systematic search, including the coast of Tasmania, by means of a motor boat. Everything possible is being done, and there are hopes that the missing men may be located. It is possible they have had to descend in forest country on the coast of Tasmania away from any means of communication.

Mr. RILEY.—Had they any food with them?

Sir GRANVILLE RYRIE.—I understand that Captain Stutt had very little food, if any, and was not prepared for any long stay away from means of communication. I regret that I have no more information to give.

PURCHASE OF VICTORIAN SAW-MILLS.

Mr. GIBSON.—Can the Minister representing the Minister for Repatriation say whether the Government have purchased any saw-mills in Victoria?

Mr. RODGERS.—Yes, the Government have purchased mills in Victoria; and the honorable member will be supplied with full details if he will kindly give notice of the question.

RETURNED SOLDIERS: CO-OPERATIVE ENTERPRISES.

Mr. HIGGS.—It will be remembered that Parliament decided that returned soldiers might start co-operative enterprises, the Government giving assistance at the rate of £1 for £1 contributed by the men, and undertaking to accept either cash or gratuity bonds in payment. Can the Minister representing the Minister for Repatriation say how soldiers who desire to undertake these co-operative enterprises may obtain this assistance from the Government?

Mr. RODGERS.—In May last, when the question of repatriation was being revised, the Government set aside a sum of £500,000 for approved co-operative businesses. It was decided that the Government might assist approved enterprises to the extent of £150 for each soldier, and accept war bonds as contributions by the men. All proposals for such enterprises must be submitted in the ordinary way, with a full outline of the business to be undertaken, and each enterprise is sub-

ject to the approval of the Commissioner and the Minister. All proposals of the kind, if submitted, will be fully investigated.

INTER-STATE INSPECTION OF PRODUCE.

Mr. ATKINSON.—Early in this session, the House affirmed that it was time the Commonwealth took over the inspection of produce passing from State to State. I should like to know from the Prime Minister whether he has taken any steps in connexion with the matter. Have the Government, for instance, got into communication with the State Governments?

Mr. HUGHES.—I regret to say, as I said on Thursday or Friday last, that we have not taken any steps in the matter. I am sorry that I have not been able to attend to it, but there are other things that I have done in the meantime that are deserving of notice.

NORTHERN TERRITORY.

WHITE POPULATION.

Mr. McWILLIAMS asked the Minister for Home and Territories, upon notice—

1. The number of white persons, giving male and female adults and children under sixteen years, now resident in the Northern Territory?

2. The number employed by Vestey and Company?

3. The number of Government officials, including all persons employed on State works and receiving State aid?

Mr. POYNTON.—The answers to the honorable member's questions are as follow:—

1. Estimated total white population of the Northern Territory is 2,770, made up as follows:—Darwin—Males, 498; females, 281; children, 257; total, 1,036. Rest of Territory—Males, 1,334; females, 220; children, 180; total, 1,734. Totals—Males, 1,832; females, 501; children, 437; total, 2,770.

2. Employees Vestey Brothers, 195, made up as follows:—

Employees Northern Agency Ltd., including stations and wharf labourers	155
Employees North Australian Meat Co.	40
Total	195

(3) Government Officials:—

Under Home and Territories Department—

	Permanent.	Temporary.
Government Secretary and Accounts (including Government Secretary and Judge) ..	20	1
Education ..	9	—
Aborigines ..	4	—
Agriculture and stations ..	2	5
Public Works ..	3	13
Health and Hospitals ..	9	3
Gaols ..	6	1
Police ..	30	—
Lands and Survey ..	12	—
Mines ..	10	10
Government vessels ..	—	15
Veterinary and stock ..	2	—
Hotels ..	1	50
Totals ..	108	98

Under other Commonwealth Departments—

	Permanent.	Temporary.
Federal Taxation ..	2	—
Quarantine ..	2	—
Lighthouses ..	6	—
Customs ..	3	—
Railways ..	8	78
Post Office ..	29	5
Totals ..	50	83
Grand total ..	—	339
Persons receiving rations ..	—	12
Prospectors subsidized by Mines Department ..	—	20

DISTILLATION OF ALCOHOL,
PAPUA.

Mr. BURCHELL asked the Minister for Home and Territories, *upon notice*—

1. Whether he will inform the House of the present position in relation to the leasing of sago palm areas in Papua for the distillation of alcohol?

2. Will he give the name of the company to whom the lease has been issued, also price paid for the lease?

3. Has the attention of the Minister been called to a prospectus of the Powrol Motor Spirit and Sago Company Ltd. as published in the Sydney papers?

4. Has the Minister any information regarding the alleged valuable right of cutting sago palms referred to therein, for which Mr. Morgan is to receive £7,000 and 11,000 preference shares?

Mr. POYNTON.—The answers to the honorable member's questions are as follow:—

1. There is an Ordinance known as the Sago Ordinance 1908, which provides two methods for the acquisition of the right to cut sago palms—one, by the grant of a licence from the Government which gives the licensee the exclusive right to cut and remove sago from certain areas of Crown lands which have been

declared a sago reserve; two, by the recognition of agreements made between the natives and other persons giving the right to cut sago on native lands.

The Ordinance does not prescribe the purpose for which the sago may be used, but I have now suggested that the Papuan Legislative Council should amend the Ordinance by inserting conditions that the sago palms are not to be used for any other purpose than the manufacture of sago.

2. The Natalite Motor Spirit Company of Australia Limited hold thirteen licences, each of 4 square miles. Rent is to be paid, but I have no information as to the amount in this case. I shall let the honorable member know later.

3. Yes.

4. The right referred to is apparently that arising out of an agreement, made in October, 1919, by which certain native owners agreed to allow Mr. G. F. D. Morgan to cut sago on their land at Lakekamu, the consideration being £37. The local Resident Magistrate approved of the agreement (1) as not giving exclusive right, and (2) as not giving any right except to sago growing on land at the date of agreement. This was the Resident Magistrate's view in approving the agreement. It appears that Mr. Morgan or his successors in title are now floating this agreement into a company. They seem to regard the agreement as giving them exclusive rights and in perpetuity. The attention of the directors and solicitors of the company is being invited to the fact that the Government of Papua are desirous that it should be clearly understood the agreement does not give any exclusive right, and does not operate in perpetuity, but that it only refers to sago growing on the land at the date of the agreement. The directors and solicitors have been asked by the Department to see that the necessary steps are taken to see that this information is made known to applicants for shares in the company.

PUBLIC SERVICE ARBITRATOR.

Mr. WEST (for Mr. CUNNINGHAM) asked the Prime Minister, *upon notice*—

1. Have any steps been taken by the Government to appoint an Arbitrator, as provided for by the Arbitration (Public Service) Bill, to hear the applications of Public Service unions?

2. If not, will the Prime Minister indicate when it is expected such appointment will be made?

3. In view of the reasons of urgency advanced by the Government during the introduction of the Arbitration (Public Service) Bill, will the Minister hasten the appointment of the tribunal proposed by such measure?

Mr. HUGHES.—This matter is now receiving the attention of the Government.

EX-GUNNER YATES.

MILITARY SERVICE.

Sir GRANVILLE RYRIE. — (*By leave*).—I lay upon the table the report of the Committee appointed to inquire into the military service of Mr. G. E. Yates, formerly a member of this House. Honorable members are aware of the circumstances leading up to the appointment of the Committee. On the 14th April I furnished answers to six questions relating to Mr. Yates, asked by the honorable member for Hindmarsh (Mr. Makin). Those questions and answers will be found on page 1117 of *Hansard*. I quote question No. 6, and the answer thereto—

6. Is it a fact that the 50th Battery was engaged in the raid on Villers-Bretonneux on 15th June, 1918; Morlancourt, 29th July, 1918; the taking of Hamel, 4th July, 1918; and the big offensive of 8th August, 1918, during which time Gunner Yates formed one of the gun crew?

Answer.—Yes, as far as the Battery was concerned, but it cannot be ascertained whether Gunner Yates formed one of a gun-crew in the engagements at Villers-Bretonneux, Morlancourt, or the taking of Hamel. Before commencing the big offensive, on 8th August, 1918, the 13th Field Artillery Brigade formed a dump of surplus stores and baggage at Blangy-Tronville, near Amiens, and it is understood Gunner Yates was one of a small guard which remained there until 25th October, 1918, or later, and, therefore, did not participate in the big offensive.

The Committee have reported as follows in regard to that question and answer:—

The statement made in the reply given in the House of Representatives to the sixth question, asked by the honorable member for Hindmarsh, as to the services of Mr. G. E. Yates in the A.I.F., was misleading, or incorrect, inasmuch as Mr. G. E. Yates did participate in the offensive which commenced on the 8th day of August, 1918, and in the engagements at Villers-Bretonneux on 15th June, 1918; Morlancourt on 29th July, 1918; and Hamel on the 4th July, 1918.

The Committee also reported that the statement of Mr. Yates, as to his services with the Australian Imperial Force, as set out in his letters to the Leader of the Opposition (Mr. Tudor), and read in the House of Representatives on the 22nd April, 1920, are correct.

I wish to express profound regret that answers given by me in this House should have been responsible for putting Mr. Yates under a cloud, and casting aspersions upon his service as a soldier. Whilst not wishing to qualify that expression of

regret in any way, I shall explain to the House how I came to give the incorrect answers. When the questions were put before my Department they were referred as a matter of course to the Officer Commanding Base Records, Major Lean, who supplied the following information:—

1. No. 38614, Gunner G. E. Yates served with 9th Reinforcements, 5th Pioneer Battalion, from 16th December, 1916, to 16th January, 1917. (No record of leave during this period.)

2. The 9th Reinforcements, 5th Pioneer Battalion, embarked for overseas on the 10th February, 1917.

3. Gunner Yates embarked for overseas with the 32nd Artillery Reinforcements on 26th November, 1917.

4. No record of service with another unit abroad.

5. Yes. Taken on strength and posted to 50th Battery in France on 23rd May, 1918.

6. Served with 50th Battery from 23rd May, 1918, to 14th October, 1918. (Engagements not known.)

As to whether he formed part of a gun's crew can only be definitely stated by his Commanding Officer; perhaps Lieutenant-Colonel H. O. Caddy, C.M.G., D.S.O., who commanded his Brigade, can supply some information on this subject. Nothing is shown on his records as to "recruiting leave."

Brigadier General Foote thereupon communicated with Colonel Caddy at "Trevarno," Avoca-avenue, St. Kilda, as follows:—

DEAR COLONEL CADDY.

The following is one of a series of questions by Mr. Makin, M.P., to be answered in Parliament by the Minister for Defence on Wednesday next, the 14th instant, in regard to Mr. G. E. Yates, late M.P. for Adelaide, and ex-gunner, 13th F.A. Brigade, A.I.F.:—

Is it a fact that the 50th Battery was engaged in the raid on Villers-Bretonneux on 15th June, 1918; Morlancourt, 29th July, 1918, the taking of Hamel, 4th July, 1918, and the big offensive of 9th August, 1918, during which time Gunner Yates formed one of a gun crew?

I shall be glad if you could furnish me with any information on the subject. The favour of a reply by return of post is requested.

This is the reply sent by Colonel Caddy to Brigadier-General Foote on the 11th April:—

DEAR GENERAL FOOTE,

Re your inquiry of the 10th instant, No. 38614, Gunner Yates was taken on the strength of the 13th Brigade, A.F.A., A.I.F., and posted to the 50th Battery on 23rd May, 1918, and was evacuated sick on 15th October, 1918.

That Battery fired portion of the barrage which was required in support of a raid near Villers-Bretonneux on the 15th June, 1918, and was in action near Fouilly at the time. Similarly the battery participated in a minor operation near Morlancourt on the 29th July,

1918, and also in the Hamel operation of 4th July, 1918. I cannot say whether Gunner Yates formed part of one of the 50th Battery gun detachments or not. I have no records showing that. Possibly his B.C. may remember.

Before commencing the big offensive beginning on the 8th August, 1918, the brigade formed a dump of surplus stores and baggage at Blangy-Tronville, near Amiens, and Gunner Yates formed one of a guard of one N.C.O. and three men (I am not quite sure of the figures), which remained there until the 25th October or later, so that Gunner Yates certainly did not participate in the big offensive commencing on 8th August, 1918.

If you desire to obtain further information, I could communicate with Major Retchford, his B.C., and the R.M.O., who, I think, could give me further information, but one is in Sydney and the other at Albury.

I draw the attention of honorable members to the words "further information." Had Colonel Caddy said that he could not quite remember the details, that he was not quite sure of the facts he was stating, but that Major Retchford could supply the information, we certainly would have inquired of Major Retchford, but Colonel Caddy merely referred to further information; he expressed no doubt as to the statement he was making, and we did not think it necessary to get further information. I may inform honorable members that Colonel Caddy is not one of those who are designated by honorable members and many others as "brass hats." He is a civilian officer, who was highly thought of by his men, and very popular with them. I do not believe that he would intentionally say anything which he believed would place any of his men under a cloud.

Mr. TUDOR.—But he did it.

Sir GRANVILLE RYRIE.—I know he did. I intend to place the whole of the evidence on the table, so that honorable members may look into the details for themselves. While not wishing to qualify my expression of regret at having done an injustice to a returned soldier, I contend that my executive officers in the Department were not to blame. They did all they could to obtain the information, and were justified in giving me the replies in the terms in which I received them for presentation to this House. They were justified, I say, in view of the fact that they had obtained the information from the man's commanding officer. I repeat that Colonel Caddy is a civilian

officer. I will give consideration regarding what steps can be taken in the direction of bringing him to book. We shall want an explanation concerning why he gave information of which he was not sure. Honorable members will see from a perusal of the evidence that he furnished the particulars from memory. He expresses his regret, and says that he had not his records at hand, and that he gave the information from his recollection. The whole file is before me, and also a report of the evidence taken by the Commission. I lay the papers on the table.

Mr. TUDOR (*By leave.*)—This case arose originally when the Prime Minister (Mr. Hughes) was moving the second reading of the first of the two War Gratuity Bills. He stated, first, that we had not a single returned soldier on this side of the House; and he added that he had been nearer to the Front than two of those returned soldiers who had been on this side. I interjected, and was promptly called to order by yourself, sir; but I was able to get in one name, at any rate. Mr. Yates learned of the incident, and considered it a reflection upon himself, personally, taking the view that he was one of those to whom the Prime Minister had alluded.

Mr. FLEMING.—There have been a good many of those reflections going about this House.

Mr. TUDOR.—Yes, and some of them deserved. It is quite possible, seeing that Colonel Caddy said he knew Gunner Yates was stationed at the dump, that he himself was there also. I say it is quite possible. But he wanted to damn a man's military reputation. There are plenty of officers who reply to questions put to them officially in the way in which they think their "heads" want to have those questions answered.

Sir GRANVILLE RYRIE.—Colonel Caddy is not a departmental officer at all, and never was.

Mr. FLEMING.—Gunner Yates is a lucky man to be able to wring this from the Department.

Mr. SPEAKER (Hon. Sir Elliot Johnson).—Order! Will the honorable member please resume his seat. I draw the attention of honorable members to the irregular manner in which the busi-

ness of the House is likely to be conducted through a practice which is growing up of statements and counter statements being made involving controversial matters. Leave was granted for the Minister (Sir Granville Ryrie) to make a statement, and the Minister's remarks contained matter which seemed to the Leader of the Opposition to demand a reply. A request was then made that the honorable member for Yarra (Mr. Tudor) be similarly given leave to make a statement, and leave was granted. The nature of the statement was such as to cause further interjections, and thus initiate an irregular debate. I ask honorable members to permit the statement to be concluded without further interjections.

Mr. TUDOR.—Subsequent to the furnishing of the answers by the Minister, Gunner Yates was made acquainted with the particulars, through the medium of the honorable member for Hindmarsh (Mr. Makin). The former member for Adelaide wrote to me, as Leader of the party in this House, and asked me to make a statement before the party and to take steps to secure a full inquiry. I made that statement before the party, and in this Chamber also. The Minister replied that if my remarks were true, and that if he found that one of his officials had "sold him a pup," he would be dealt with.

Honorable members interjecting,

Mr. SPEAKER.—Order! Will honorable members please cease from interjecting.

Mr. MATHEWS.—Yates was persecuted for two years.

Mr. SPEAKER.—Order! I ask the honorable member for Melbourne Ports (Mr. Mathews) not to interject again.

Mr. TUDOR.—Every man is entitled to fair treatment—I care not who he may be.

Mr. HUGHES.—Hear, hear!

Mr. TUDOR.—Yates' military reputation was at stake. It was said, in effect, that, at the time when he was wearing the King's uniform and was posing as having been engaged in active fighting, he was really miles behind the lines minding a dump.

Mr. JAMES PAGE.—And, even if he had been, he would have been doing as he was

told. It was just as much his duty as actual fighting. Somebody would have to guard the dumps.

Mr. TUDOR.—Of course; but, as a matter of fact, Yates was up in the firing-line with his battery. Instead of Colonel Caddy telling the Department the facts, however, he trusted to his memory to lead the Minister astray.

Mr. MATHEWS.—They gave him sixty days, innocently, too.

Mr. SPEAKER.—Order! The honorable member is again interjecting.

Mr. TUDOR.—Yes, they gave him sixty days, but we are not dealing with that now. Of course, Yates got those sixty days when he was innocent. And I believe he could have got out of that term of detention if he had cared to ask to be let off; but he did not. I ask the Minister (Sir Granville Ryrie) to move, "That the papers be printed." Many papers have been printed, at the desire of Ministers, which are of considerably less importance than these. If the Minister were to submit that motion, as I hold he should do, honorable members who wished to say something upon the matter would have a fair and open opportunity. I congratulate Mr. Yates upon the outcome of the inquiry, but it does not reflect credit on the man who gave the information contained in the answers supplied to the Minister. Seeing that he had trusted to his memory, Colonel Caddy should have let the Minister know, instead of trying to damn a man's military and political reputation. Will the Minister move, "That the papers be printed"?

Sir GRANVILLE RYRIE.—Mr. Speaker—

Mr. SPEAKER.—Order! The Minister cannot, at the present time, do as has been suggested.

Mr. MATHEWS.—Then we will adjourn the House on the question.

Mr. SPEAKER (to the Clerk).—Call on the Orders of the Day.

Mr. McDONALD.—On a point of order, I desire to know if you, sir, ruled that the Minister could not move "That the papers be printed."

Mr. SPEAKER.—The Minister could not do so in the course of a second speech at this stage. I pointed out that the Minister had obtained leave to make a statement, and that he then announced

that he would lay the papers on the table. The Minister did not move that they be printed, nor was leave asked or given to move a motion. And he cannot now move in that direction, seeing that another honorable member has meanwhile asked for and secured leave to make a statement, and that the business of the day has been called on.

Mr. RILEY.—This is burking discussion.

Mr. SPEAKER.—Order! The Minister cannot, at this stage, move in the direction indicated.

Mr. McDONALD.—Well, he can do so; and every one knows it.

PAPERS.

The following papers were presented:—

Civil re-establishment of the A.I.F.—A summary of the work of the Department of Repatriation from April, 1918, to the end of June, 1920, with some account of the activities which preceded the Department's formation.

Ordered to be printed.

The following papers were presented, pursuant to Statute—

War Service Homes Act—Land acquired under, at—

Islington, New South Wales.

Mosman, New South Wales.

Orange, New South Wales.

Weston, New South Wales.

Ex-Gunner Yates—Report of the Committee appointed to inquire into the services of ex-Gunner Yates in the Australian Imperial Force.

WAR SERVICE HOMES BILL.

In Committee (Consideration resumed from 21st September, *vide* page 4806):

Clause 5—

After section 17 of the principal Act the following section is inserted:—

"17A. (1) The Commissioner may erect, complete, or enlarge, for eligible persons, dwelling-houses on land owned by them, or may enter into contracts for the erection, completion, or enlargement of dwelling-houses on such land.

(2) Where the Commissioner erects, completes, or enlarges, or enters into a contract for the erection, completion, or enlargement of a dwellinghouse, in pursuance of this section, he may require the owner of the land to give such security as he thinks necessary for the repayment of the amount expended by him in the erection, completion, or enlargement of the dwelling-house."

Upon which Mr. CHARLTON had moved—

That after the word "them," line 5, the following words be inserted:—"and for that purpose

may acquire or establish, with the consent of Parliament, brickworks, saw-mills, and cement works."

Mr. CHARLTON (Hunter) [3.20].—

This amendment, providing as it does that the Commissioner shall have power subject to the approval of Parliament, to acquire or establish brickworks, saw-mills, and cement works is a very important one. In connexion with the construction of War Service Homes an exceedingly large sum will be expended. We have been told that up to the present something like 4,000 homes have been completed, and that 27,000 applications for the construction of these homes are under consideration. The Committee must not lose sight of the fact that the whole of the money so expended will have to be repaid by the returned soldiers for whom the homes are erected. It is, therefore, most essential that we should keep down the cost to the lowest possible extent. Every one realizes what it means to a working man to be called upon to pay 20s. or 25s. per week over an extended period. The greater the cost of these homes the more the men will have to pay by way of monthly instalments. It should be our endeavour so to keep down the cost that the men will have a reasonable chance to fulfil their contracts. I am afraid that many of them will be unable to do so. As time goes on, they will probably be burdened with families in many cases, and the maintenance of these, together with the regular payment of instalments in respect of their homes, will put a very heavy strain upon their financial resources. It is thus quite possible that many of these homes will fall back into the hands of the Department. Although something like 4,000 homes have been erected, we are now asked to agree that the maximum amount that may be advanced shall be increased from £700 to £800. The Minister has told us that this increase is necessary, not because it is proposed to build larger homes, but owing to the greatly increased cost of labour and material. The cost of material, more particularly, has enormously increased. The Minister (Mr. Poynton), when moving the second reading of the Bill, told us that during the last twelve months the prices of building material had increased to the extent of 25 per cent., and that owing to the competition between the Department and private contractors prices

were likely to go much higher. There is a great scarcity of building material, and it is essential that we should devise some means of keeping down costs to a minimum. That is necessary in the interests of the men themselves. Obviously, we cannot hope to secure any reduction in cost if we allow the present competition between the Department and outside contractors to continue. We have been told that the Commissioner has purchased saw-mills, not only in Queensland, but in Victoria. My amendment would enable the Commissioner, subject to the approval of Parliament, to extend his operations in that direction. It is unlikely that any attempt would be made to purchase saw-mills, brickworks, or cement works unless the Government could show Parliament that the deal contemplated was a good one.

I have not a word to say against the recent purchase of saw-mills and timber areas in Queensland. I know nothing about them. It may be that the Department has made an excellent bargain, but it is absolutely necessary that further purchases should be made. It is hardly likely that the Department will be able to supply timber from Queensland for the building of homes in New South Wales, Victoria, and some of the other States at rates that will result in any material reduction in the cost of these homes. It will be necessary, in the interest of economy to establish Government mills in suitable areas in each State. In that way we ought to be able to reduce our costs. In to-day's newspapers it is reported that, as a result of the purchase of saw-mills in Victoria, the Commissioner claims to have made a saving of 50 per cent. in the cost of timber for War Service Homes in this State. If that can be done in Victoria, it should be possible also in other States. There are splendid hardwood forests along the north coast of New South Wales, where saw-mills could be established at comparatively small cost.

Mr. CORSER.—But is not that timber a long way from port?

Mr. CHARLTON.—No. It may be of interest to the honorable member to learn that every day in the week vessels are carrying timber along the north coast to Sydney and other places. The timber can be brought down either by rail or water carriage. Excellent facilities exist.

A railway runs within easy distance of the coast-line, and there are navigable rivers running into these hardwood forests. Sir Allen Taylor has mills on the north coast and vessels regularly engaged in carrying timber from them to the port of Sydney. If the Government acquired or established mills there it would be possible to obtain at reduced cost the timber necessary for building War Service Homes in New South Wales. Similar arrangements could be made in Victoria and the other States, with the result that we might be able once more to build these homes for £700, instead of £800 as now proposed. Having regard to the number of homes to be erected, it should be good business for the Department to go into the whole question with a view to reducing costs. Unless that action is taken we shall probably be asked twelve months hence to agree to the minimum being raised from £800 to £900. The repayment of such a sum by monthly instalments is more than the average young fellow can undertake.

Mr. WEST.—It is a twenty-five years' job.

Mr. CHARLTON.—In the case of men with families it is an even longer job.

Mr. CORSER.—Does not the honorable member know that New South Wales timber merchants are erecting mills in Queensland, in order to obtain cheaper timber for sale in New South Wales?

Mr. CHARLTON.—I do not, but I do know that there are ample supplies of hardwood along the north coast of New South Wales.

Mr. RICHARD FOSTER.—Then, why do not the Sydney timber merchants avail themselves of them?

Mr. CHARLTON.—I have already pointed out that they are doing so.

Mr. HECTOR LAMOND.—There is a monopoly.

Mr. CHARLTON.—That is so. The Minister for Repatriation (Senator Millen) and his representative in this House (Mr. Rodgers) have stated that, owing to the keen demand for timber and the competition between the Department and outside contractors for supplies, prices are soaring higher and higher week after week. In the

interests of our returned men, we should not allow that state of affairs to continue. Our boys did their best for their country, and should receive the utmost consideration. Should we allow the present see-saw game of competition to continue between the Department and private contractors? I do not know what objection the Minister can have to my amendment, in view of the fact that the Department, without consulting Parliament, has already struck out in the direction for which it provides.

Mr. HECTOR LAMOND.—The Commissioner has power now to acquire mills. The honorable member's amendment would limit his operations, since it requires that the consent of Parliament shall first be obtained.

Mr. CHARLTON.—My desire is that the Committee shall give an instruction to the Commissioner that such works shall be established or acquired, but that the Parliament itself must be consulted before any agreement with that object in view is completed.

Mr. HECTOR LAMOND. — But the amendment will put further obstacles in the way of the Commissioner.

Mr. CHARLTON.—I think not. Would the honorable member accept the amendment, subject to the deletion of the words "with the consent of Parliament"?

Mr. MAXWELL.—But the Minister already has this power.

Mr. CHARLTON.—The Minister for Repatriation is doubtful on that point. He has stated that his interpretation of the Act is that he has the power, but he is not going to say that that is the correct interpretation. Assuming, however, that he has the power, was it not argued in this House last week that the Parliament never intended that the Minister or the Commissioner should expend more than £5,000 on any enterprise without obtaining its consent? I think it would be better for the Minister himself if the amendment in the form submitted by me were agreed to.

Mr. MAXWELL.—Having established the point that it is a good thing in the interests of economy for the Commissioner to acquire or set up saw-mills and other works, would the honorable member suggest that, if the Minister heard of

an opportunity to acquire a saw-mill on excellent terms, he should take no action until Parliament had been consulted?

Mr. CHARLTON.—That is a very pertinent interjection. Whilst there might be some objection, on the score of delay, to my proposal that Parliament should first be consulted, I think that, in the interests of the country and the Government itself, it would be well to observe the provisions of the Public Works Committee Act, and to refer to the Public Works Committee all departmental undertakings involving an expenditure exceeding £20,000.

Mr. HECTOR LAMOND. — The soldiers would be dead while waiting for the decisions of that Committee.

Mr. CHARLTON.—They would not be dead. Why, the Act has been in force for a couple of years, and we have not yet built more than 2,000 soldiers' houses.

Mr. FENTON.—Would it not be possible to obtain options?

Mr. CHARLTON.—It could be done in any business-like way. I am not cavilling at the adoption of any method so long as honorable members assert the principle I am advocating. The price of bricks is increasing year after year. An honorable member informs me that contractors in New South Wales are now paying £4 per 1,000 for them delivered on the job, as against 30s. per 1,000, which was the price prior to the war.

Mr. HECTOR LAMOND.—We cannot make bricks cheaper than the New South Wales State Brick-works can turn them out.

Mr. CHARLTON.—I do not say that we can, but I believe that by the establishment of brick-works in suitable centres, particularly in the big metropolitan areas, we may be able to obtain them very much cheaper than we buy them to-day. There are acres of good brick-making land available in the Newcastle district, where a large number of soldiers' homes is being erected, and I would take it upon myself to see that it could be acquired at a reasonable price. The clay is very suitable for brick-making. It has been tested more than once. A brick-works which would not cost more than £20,000 or £30,000 would probably supply all the demands for the erection of houses in its vicinity. Should the demand increase, it would be quite an easy

matter to increase the output of the kilns. But the great advantage is that if we can, by the establishment of brick-works, cheapen the price of bricks, it will not only decrease the present cost of building homes, but also possibly prevent a future rise in the cost of building them. As honorable members know very well, it is almost impossible to purchase cement. Works everywhere have been hung up for the last couple of years because of the impossibility of securing supplies of this material. For over twelve months the streets of Newcastle have been torn up for the purpose of laying the rails for the new electric tram system, but this work cannot be completed because of the impossibility of securing supplies of cement. It has been found necessary to suspend all operations until a sufficient number of barrels accumulate, and then the men are put on to work, but very speedily they are obliged to cease operations until fresh supplies can be accumulated. The same remarks apply to buildings all over Australia. Sufficient supplies of cement cannot be obtained to guarantee continuous or expeditious work. I have with me the minutes of the findings of the Public Works Committee in regard to the establishment of cement works for Federal Capital and other Commonwealth purposes. The conclusion arrived at by the Committee was as follows:—

The Committee learned that about two-thirds of the cement used in Australia is at present imported, and in view of the enormous demand anticipated in Europe after the war, is of opinion that it is improbable that the establishment of private cement factories in Australia would cheapen the price to the Commonwealth until the total Australian production was sufficient to fully supply Australian needs. It is considered, therefore, that from the point of view of economy, as well as convenience, it is a sound proposition for the Commonwealth to proceed with the establishment of cement works to supply its needs for Federal Capital and other Commonwealth purposes.

Mr. Finlayson moved—

That the Committee approves of the establishment of a factory at Fairymead for the manufacture of cement for Commonwealth purposes—

The Committee divided on the matter. The honorable member for Dampier (Mr. Gregory) was the only member who voted against the motion, which was supported by Senator Keating, Senator Story, now the honorable member for Boothby, the

honorable member for Maribyrnong (Mr. Fenton), the then honorable member for Brisbane (Mr. Finlayson), the honorable member for South Sydney (Mr. Riley), the then honorable member for Wimmera (Mr. Sampson), and the honorable gentleman who is now Minister for the Navy (Mr. Laird Smith). That was four years ago. There is now a greater scarcity of cement than ever.

Mr. RICHARD FOSTER.—The Repatriation Department and Murray River Waters Commission are largely responsible for it.

Mr. CHARLTON.—The work undertaken by the Murray River Waters Scheme will continue for a long time, and the demand for cement will naturally be increased to that extent; but that furnishes all the more reason for the establishment of new cement works. We all know that buildings are held up because the contractors cannot get supplies of cement.

Mr. RILEY.—Land has already been acquired at Fairy Meadow, where there is all the material for making cement.

Mr. CHARLTON.—Then there is no justification for our refusing to set about manufacturing our own requirements for the purpose of expediting the work of building soldiers' homes, to say nothing of reducing the price of the article to the community generally. We cannot proceed with this huge scheme of building homes, which will run into an expenditure of millions of pounds, while prices are continually soaring through the scarcity of material, and because of our competition with outsiders, and consequent inability to secure what little material is available. I understand there are over 20,000 applications for the building of War Service Homes, and in all probability three-fourths of these applications will be granted. It means a very big business to be undertaken within the next few years, for which we ought to make every preparation. Scarcity creates increased prices, and if we do not increase the supply of materials we shall find that in twelve months' time the prices we are called upon to pay will be very much higher than they are at present. Already they are 25 per cent. higher than they were this time twelve months ago, and possibly they will be another 25 per cent. higher in twelve months' time. These rises in costs have a serious effect upon the soldiers themselves, because later on it may be found necessary to still further

increase the advance from £800 to £900. This is a possibility we ought to try to avoid. It should be our endeavour to get the homes built at the lowest possible cost, always keeping in view the fact that this money must eventually be repaid to the Commonwealth. A man may struggle on for twenty-five years only to find in the end that he is not able to maintain his payments. His wife and his children may have to deprive themselves of many comforts in order to put by money to meet the regular instalments due on the purchase of the home, but in spite of all this, they may not be able to redeem their promise to repay the money advanced by the Commonwealth Government, owing to the fact that the cost of material has been so high at the time of the building of the house that its price has been increased by £100 or £200. Of course, the question arises as to what must be done to meet such cases, but that is a matter for the future. All we should have in view now is the possibility of preventing men from being placed in such a position by endeavouring to keep down the cost of buildings. We are acquiring saw-mills in Victoria and Queensland, and I hold that we should also acquire brick-works and cement works, and extensively supply our own material for the purpose of building homes for our soldiers as cheaply as possible, so that in the future their occupants may not be hampered, as they may be, owing to the increasingly high cost of building material.

Mr. RICHARD FOSTER (Wakefield) [3.45].—I join with the honorable member for Hunter (Mr. Charlton) in his desire to cheapen the cost of building soldiers' homes, but the cost, as the Minister has already pointed out, is largely due to the great increase in the price of material, which again is largely due to an inadequate output. The present supply of material is not sufficient to meet the demand for building purposes. Particularly is this the case in respect to timber. In every capital city the yards of timber merchants are bare. Merchants cannot get their orders executed. Nearly every timber yard in South Australia has had orders placed in Queensland eighteen months ago, which have not been executed, and no one knows when they will be. I was in Sydney a little while ago, and made inquiries there. In spite of the fact that there are extensive areas of timber in New South Wales, much of it

suitable for building purposes, the timber merchants of Sydney are in very much the same position as those in Adelaide. While this scarcity continues, prices are bound to be high.

Mr. CHARLTON.—The scarcity is due, to a large extent, to the fact that we are building a large number of War Service Homes, but if we supply our own material the public will be able also to get supplies.

Mr. RICHARD FOSTER.—The trouble is due to the inadequacy of supplies to meet an abnormal demand, but this abnormal demand is likely to continue for a very long time to come. The same remarks apply to bricks and cement. The increased demand is not only created by the building of War Service Homes. The works undertaken by the Murray Water Commission are assuming considerable proportions. Honorable members have no idea of the magnitude of the cement orders placed by that Commission. There are other large water conservation works demanding cement.

Mr. RILEY.—Silos also require cement.

Mr. RICHARD FOSTER.—Yes, silos will also make a very material difference in the demand. The question is how to reduce the cost of the material required for building soldiers' homes, and it can only be done by increasing the output. Does the honorable member for Hunter mean that his proposal to create State enterprises will overcome the difficulty?

Mr. CHARLTON.—It must help.

Mr. RICHARD FOSTER.—It needs careful inquiry before it is undertaken. I am opposed to the extension of State enterprises, but, if they are necessary for the purpose of bringing an undue monopoly to its bearings, I will support them. That has been my policy for many years past. As to the price of bricks, it has been pointed out that there are numbers of important brickworks lying idle today. The Government should know the reason for this, and if the same remarks apply to other materials required for this enterprise, the Government should know whether a monopoly is injuriously affecting the public interest, and, if necessary, take action to check it. In my opinion, there is no necessity for the amendment, because the Government have the power irrespective of it.

I offer no apology for once more referring to the question of the construction

of these homes by the South Australian Government, because it involves their cost and the amounts to be repaid by the men. The reason why South Australian representatives brought up the matter some months ago was that we saw in the *Government Gazette* an advertisement calling for applications to fill positions in certain offices, involving an outlay of some £7,000 or £8,000 per year. This meant the creation of a competing Department by the Commonwealth to work side by side with the South Australian State Department that has been, for seven or eight years past, engaged in building civilian homes, and is thoroughly organized for such work. We South Australian representatives made vigorous and repeated protests.

Mr. MATHEWS.—And made many misstatements, too!

Mr. RICHARD FOSTER.—We did not make one; I can prove up to the hilt every statement we made, and more.

Mr. MATHEWS.—You made misstatements as to the prices for which these houses were being built by the State.

Mr. RICHARD FOSTER.—We did not; we got quotations from the State Bank of South Australia, and I challenge the honorable member to deny the facts. If he goes to the State Bank he can be shown the figures, and he can compare that cost with that of the buildings constructed by the Commonwealth Repatriation Department. He will see that the State work compares more than favorably in regard to the extent of the land, the spaciousness of the buildings, and in other respects. I may further point out that neither the Minister for Repatriation nor any officer of the Department has challenged those figures, and I cannot see what more information than they have can be possessed by the honorable member for Melbourne Ports. The creation of this new Department is characteristic evidence of the grasping efforts of some public official to magnify his office; and it is this that is responsible for the interference with the construction of these buildings by the State Government of South Australia. The competition sent up the cost of construction so much that the State Government have retired altogether from the business.

Mr. RODGERS.—It is only fair that the honorable member should acknowledge

that on his representations, and the representations of other South Australian members, the Commonwealth Government deliberately withdrew, and placed this work temporarily in the hands of the South Australian Government.

Mr. RICHARD FOSTER.—South Australian representatives here moved the adjournment of the House on the question, "being determined to keep the matter before the Government and honorable members. It is true that the Minister for Repatriation did hold his hand for a time, but the State Minister in charge of repatriation in South Australia could get no satisfaction, although he came over to Melbourne to two conferences on the matter. As I say, the business was hung up, and prices got so high that the State Government withdrew from the field.

Mr. RODGERS.—The Minister for Repatriation says that he is expecting a financial proposal from the State Minister for Repatriation, and no proposal has arrived.

Mr. RICHARD FOSTER.—The proposal of the South Australian Government was that the Repatriation Department should find the money for the erection of the homes, and that the State Bank should continue to do the work of building, charging only $\frac{1}{2}$ per cent.

Mr. RODGERS.—No such proposal has come over.

Mr. RICHARD FOSTER.—I made it myself long ago to the Minister for Repatriation. Suppose these new and unnecessary offices are created, what will it mean to South Australia? The State Bank there will go back to the work of building civilian homes; but there will still be two competing bodies engaged in large building enterprises.

Sir JOSEPH COOK.—Where are they going to get the money?

Mr. RICHARD FOSTER.—I ask the Treasurer what does it matter who uses the money, if it is Government money?

Sir JOSEPH COOK.—My word, it does matter!

Mr. RICHARD FOSTER.—Is it not better, from the Treasurer's point of view, that his Government should be free from competition in the matter of prices? Is it not more economical to avoid creating further offices and officials?

Sir JOSEPH COOK.—Competition cheapens, does it not?

Mr. RICHARD FOSTER.—If the Government's idea of economy is to approve the creation of Departments in this way, they will have a lot of trouble between now and the end of the session on the question of public expenditure; and it is about time they had some trouble. If the Treasurer knew the feeling in South Australia on this question, he would take a different view. The South Australian Government have no desire to set aside the work of building civilian homes, but they feel that the interests of the returned soldiers should first be considered. I ask honorable members to look into the matter carefully, for, if they do, they can arrive at only one conclusion.

Mr. RODGERS (Wannon—Assistant Minister for Repatriation) [3.59].—While crediting the honorable member for Hunter (Mr. Charlton) with an earnest desire to help in solving the great difficulties that confront the Commissioner in the acquisition of material for the erection of War Service homes, I regret to say that the Government are unable to accept his amendment. First, the scope of the amendment covers only one type or class of beneficiary under the Act. There is some difficulty, or some room for misunderstanding, under the Act as at present drawn. In the Act, the power of the Commissioner to build on individual applications was not clearly defined, and this clause is designed to put the matter beyond doubt. The clause provides that the Commissioner may erect, complete, or enlarge, for eligible persons, dwelling-houses "on land owned by them," or may enter into contracts for the erection, completion, or enlargement of dwelling-houses on such land. It will be seen, as I have said, that the clause is limited to that type of applicant who himself owns the land on which he desires the house to be erected; either through the Commissioner's staff or under a contract, let by the applicant and approved by the Commissioner. The clause does not cover the whole range of construction under the main Act; and the amendment of the honorable member for Hunter, if it has any effect, will be rather to limit the power under that Act. Personally, I read the proposal of the honorable member as vesting in the Commissioner power to take all the necessary steps for the acquisition

of land and material, and probably to go the length of himself establishing the necessary means of obtaining them, under the direction of the Minister; but clearly, if the amendment is carried, it will not achieve what the honorable member no doubt has in his mind, namely, to give the Commissioner the power to provide the whole of the material. There seems to be a great deal of confused thought with regard to what this House has already done in respect to the housing scheme, and honorable members appear to be very much divided in mind as to what are the powers of the Commissioner, with the approval of the Minister. I take it that this House charged the War Service Homes Commissioner with the great undertaking of building homes, and of acquiring, subject to the approval of the Minister, the necessary material; and the first occasion on which the work of the Commissioner is called to account is when he enters into a contract for the purchase of mills and timber areas. As to the question of the wisdom or otherwise of entering into this contract without the approval or ratification of Parliament, I leave that aside for the moment; but I do not think any honorable member will contend that the Commissioner, with the approval of the Minister, has not that power already.

Mr. CHARLTON.—He cannot go beyond £5,000.

Mr. RODGERS.—Not at all. We deliberately decided to remove what might be called the commercial side of this great undertaking from parliamentary influence and control, and place it under a Commissioner. If the Commissioner is expected to bring every one of his operations to this House for ratification, how can we have continuity of work, when the House is not in session? I do not plead, of course, for the expenditure of huge sums without reference to Parliament, if Parliament is available; but the Commissioner is given no power to engage in a contract, particularly by the amendment proposed by the honorable member for Hunter, for the purchase of land or material without the consent of the Minister. Honorable members will not contend that the consent of the Minister means the consent of the House; and in matters of great magnitude it becomes a question of policy or discretion with the

Minister and Government of the day to consult Parliament. That is the position clearly established by the Act. The wisdom or otherwise of that policy is another question. Certainly Parliament decided to create a business Commission. The Government appointed a Commissioner with certain powers, and authorized him to engage business men and experts to advise him in regard to all the ramifications of house-building. He has acquired by contract, and otherwise, the necessary material to build all the houses that have been erected to date, and no question was raised by this House until the timber purchases were made. I regret that, from time to time, loose statements, which reflect very gravely upon the Commissioner, and also the Minister, have been made. I am certain that anybody who knows the Minister for Repatriation (Senator Millen) well will agree that there is no more painstaking Minister, and none who does more to apply business methods to the management of his Department. The honorable member for Corio (Mr. Lister) has asked certain questions in regard to the case of Mr. J. T. Caldwell, and he suggested that if certain information which had reached him was correct, a very serious state of affairs existed, which warranted the appointment of a Royal Commission. Apparently the honorable member desired an inquiry into statements made by Mr. Caldwell to him. To use the words of the Minister for Repatriation, Mr. Caldwell desired to sell to the Commissioner a "gold brick." He offered to sell to the Commissioner the lease of certain lands in the islands under the control of the Pacific Islands Commissioner. The War Service Homes Commissioner received him in good faith, and listened to his representations, but on inquiry of the Commissioner of the Pacific Islands, he found that Mr. Caldwell held no lease or concession of any kind that he could sell to anybody. Another statement has been made in regard to the purchase by the War Service Homes Commissioner of timber mills in the Beech Forest. According to the critics, those mills are on their last legs. In answer to a question by the honorable member for Corangamite (Mr. Gibson), I promised to supply complete details of the purchase. The facts are that the Commissioner has purchased from Mr. G. W. Knott, of Melbourne, for £48,570, five saw-mills—three in the Beech Forest,

one at Cheviot, and one at Broadford—together with 694 acres of freehold land and cutting rights over an area of not less than 1,000 acres to each mill. The effect of the purchase is to assure to the Commissioner a supply of 30,000,000 super. feet of hardwood (scantlings, &c.), 3,000,000 palings, and 6,000,000 lineal feet of dressed weatherboards at prices varying from 15s. 9d. to 33s. per 100 feet super, as against the present market rates of from 25s. 8d. to 54s. He is thus assured for the next three years of the material that is necessary for the cheaper building of homes for soldiers. A further condition of the contract is that, at the end of three years, the contractor who is to operate the mills will take them over at the purchase price. Personally, I do not object to any criticism so long as the Department is afforded a reasonable opportunity to meet it. But I ask honorable members to endeavour to assist the Commissioner and the Government in their efforts to get materials with which to build homes at a reasonable price. There are three methods by which the material can be obtained. First of all, there is general competition in the open market, but large orders such as the Commissioner will necessarily have to place must mean, in the present limited market, soaring prices. The second alternative is that the Commissioner may, with the approval of the Minister, enter into arrangements similar to that made with Mr. Knott, and by a subsidiary contract, which will not be operated by the officials of the Department, assure to himself supplies of timber at reasonable rates. For the conduct of timber mills it is necessary to have skilled and experienced men. The third method is that suggested by the honorable member for Hunter (Mr. Charlton), namely, that the Government should enter into State undertakings. The Government cannot see their way to embark upon a wide range of undertakings for the supply of building materials unless as a last resource. The Government and the Commissioner have not at their command that experience and skill which established works have, and for that reason they would be greatly handicapped in entering upon State-managed undertakings. Whilst I credit the honorable member for Hunter with a genuine desire to help the Commissioner to acquire material at reasonable rates, the Government are

unable to accept the amendment for the reasons I have already given.

Mr. RILEY (South Sydney) [4.12].—The latter part of the Minister's statement in regard to the agreement made by the Commissioner for the supply of timber in Victoria indicates that the soldiers will get cheaper homes. The principle he has outlined is a good one, and it should be extended to the supply of bricks, cement, and other materials. The Minister referred to competition in the open market, but there is no competition in regard to bricks. All the brick-making firms are joined together in a Combine, and the Government cannot get a fair deal from them. It is, therefore, the duty of the Government to establish brickworks. That could be done at a small cost. Some honorable member has said that notwithstanding State enterprise in brick manufacture in New South Wales the price of bricks there is not cheaper than in other States. That is true to a certain extent. About £140,000 has been expended by the Government on the establishment of State brick works. The biggest consumers of bricks in New South Wales are the Railway Commissioners, and as a result of the State brickworks tendering at lower prices than those quoted by the Combine, the Railway Commissioners have saved £177,000 since the brickworks were established. Last year the brickworks showed a profit of £37,000.

Mr. TUDOR.—The State brickworks sell at 38s. 6d. per 1,000; the private firms sell at 50s.

Mr. RILEY.—The price of the State bricks is always below the price quoted by the Combine, and it is the intention of the State Government, as soon as the capital cost of the plant has been wiped out, to reduce the price very considerably.

Mr. RODGERS.—The State Government is a continuing entity, but the War Service Homes Commission has only three years of life.

Mr. RILEY.—That is so, but the Commonwealth as an entity is permanent, and always growing. It is always requiring bricks for public works, and, furthermore, if the principle of State enterprise is good in connexion with providing homes for soldiers it is good also in regard to the provision of homes for private citizens.

Mr. RODGERS.—But it is not the duty of the War Service Homes Commissioner to build houses for private citizens.

Mr. RILEY.—That may be. So long as the Commonwealth endures, it will require supplies of cement. In connexion with nearly every big public work cement is used. We are told that the establishment of cement works in Tasmania will help to relieve the market. No doubt it will. But even if half a dozen new cement works were started the whole output would be required. The big works that are being carried out in connexion with the Murray River scheme will absorb all the cement that can be obtained. Great quantities of cement will be required also in connexion with the building of the Federal Capital at Canberra. I do not say that the Government have not power to do what the amendment suggests, but the honorable member for Hunter (Mr. Charlton) merely desires to fortify the Government by getting the Committee to assert the principle of State enterprise. The Committee of Public Works submitted to Parliament a report on the cost of establishing and equipping up-to-date cement works at Fairy Meadow, on the southern line, close to Canberra, and handy to the Murray River. A good piece of land for the purpose has been acquired, and if the Government would establish these works they would be entering upon a very profitable speculation. They would reduce the cost of building the soldiers' homes, whilst also providing cheaper cement for other Government undertakings. I concur in the action of the Government in acquiring timber areas and saw-mills, and if the transaction is proved to be fair and square I shall support it. Unless they adopt a policy of that kind the Government will be in the hands of the rings and trusts. It is their duty to take whatever steps are necessary to protect the interests of the soldiers. In regard to timber they have adopted the right policy, and I hope they will extend it to bricks and cement.

Mr. ATKINSON (Wilmot) [4.19].—The amendment will not make any substantial alteration to the powers conferred by the existing Act, and, therefore, is not necessary.

Mr. RILEY.—Does the honorable member believe in the principle underlying it?

Mr. ATKINSON.—I do not, and that is another reason why I cannot support it. If the Commissioner were to submit to the House any good proposition for ac-

quiring or establishing timber mills, cement works or brickworks, the House would judge the scheme on its merits, and probably agree to it. That would be a far saner procedure than to give the Minister and the Commissioner power to go about in a general and haphazard way, setting up these works in all the States. If cement is to be made by the Commonwealth, it would be better to produce it at the spot where the best facilities are afforded, and thence, to distribute it throughout the Commonwealth, rather than that numbers of works should be established all over the States. If the Government embark upon this class of enterprise, there will be a riot of Government established industries, and works of one character and another will be growing up all over the land. The guiding principle in regard to all this legislation is how best to benefit the returned soldier. We should consider nothing else but how to provide soldiers with the cheapest and most suitable homes.

Mr. CHARLTON.—My amendment cannot have the effect of delaying the building of homes, and can only make them cheaper.

Mr. ATKINSON.—That is not so. The amendment will not take the whole scheme any further than the law can carry it to-day. The honorable member does not say, in his amendment, that the Commissioner shall acquire, but that he "may" acquire; and the Commissioner has that power to-day. In fact, the Commissioner has acquired, to a very considerable extent, and I am not at all satisfied that he has done the right thing with respect to the Queensland "deal." I want to hear a lot more about it before I can say that I am convinced that the proposition is sound.

Mr. McWILLIAMS.—Does not the amendment provide a safeguard? The Minister and the Commissioner are doing these things now, but the amendment would compel them first to secure the consent of Parliament.

Mr. ATKINSON.—Even if the Minister and Commissioner were bound to first bring any project before Parliament, what would be the actual and practical use of so doing, seeing that we have already passed a law which gives the Commissioner power to acquire properties to an almost unlimited extent? My objection to the Queensland timber "deal" is that the Government did not first come

to Parliament and make the matter known here.

Mr. JAMES PAGE.—They made a really good "deal," anyhow.

Mr. ATKINSON.—I hope so; and I hope that, if they should go in similarly for brick-works and cement propositions, the enterprises will prove equally as successful as the honorable member believes the present one to be. I trust, however, that Parliament will first be consulted. I do not agree with what the Minister (Mr. Rodgers) has just said concerning the approval of the Minister. I think he is quite wrong in his argument. It was not intended, when the Act was passed, that the Minister and the War Service Homes Commissioner should be able to put their heads together and, without consulting Parliament, run the country into a purchase involving £500,000. Are honorable members to stand by, without being informed or consulted, and then to be required automatically to signify their approval, long after a "deal" has been completed and when there is no course open but to pay? If we do not wish to remain in such an absurd position, we should amend the Act. The Government have done wrong in not coming before the House for approval. I regard the Minister as being a trustee. He should not require to be dragged to the floor of this House to give an account of his stewardship; he should be ready with his accounts, to make them public. The first honorable members heard of the Queensland "deal" was when they read the information published in the *Age*. Why should not honorable members be informed before the newspapers publish the information broadcast? Honorable members are supposed to be responsible for their votes. How can they be expected to accept responsibility in such circumstances? Had the particulars been made known to honorable members and the country from the floor of this Chamber there never would have been that vote taken recently which nearly had the effect of bringing about the demise of the Government. Had the outcome of the vote been unfavorable, nobody would have been to blame but the Government themselves. It would have been their sole responsibility if they had been compelled to go out of office. If I were to signify my approval of the amendment I would be acquiescing in the proposition that the Government should enter

upon these various enterprises. My view is, however, that the Government should keep out of such things. We have enough Government-run businesses at present, very few of which are a success. It is all very well for the Government to come in at a time when the country is monopoly-ridden, or when abnormal circumstances have arisen, under which certain people are securing undue advantages to the detriment of the community. I will never take exception to the Government legitimately endeavouring to protect the community, but I oppose the principle underlying the amendment.

Mr. CHARLTON.—The honorable member has just said that the Government already have the power to undertake these schemes; but he says, also, that he is totally against the principle. When I suggest that it be set forth in black and white that the Government shall first come to Parliament for the indorsement of any proposition, the honorable member turns me down.

Mr. ATKINSON.—If the amendment were phrased that the Minister and Commissioner "shall" come to Parliament, all would be well.

Mr. GREGORY.—But if the amendment is agreed to it will carry the suggestion that the Government should go in for these propositions.

Mr. ATKINSON.—Just so, and I do not approve of that principle.

Mr. CHARLTON.—The honorable member says that the Government can do so under the Act as it stands.

Mr. ATKINSON.—My point is that if we were to agree to the amendment it would be tantamount to an indorsement of the principle, which, however, I do not wish to indorse.

I would like the honorable member for Wakefield (Mr. Richard Foster) to inform honorable members if he is aware of there being any chance of the South Australian Government again proceeding with the building of War Service Homes in that State. Will they do the work?

Mr. RICHARD FOSTER.—Yes; I believe they will.

Mr. ATKINSON.—Then the sooner the Commonwealth authorities get out and let them do so the better for the returned soldiers in South Australia. If the State Bank authorities in South Aus-

tralia were satisfactorily doing the work of home-building it will be far better for the Commonwealth Department to refrain from meddling.

I am glad that the Government are handing over to the Joint Parliamentary Accounts Committee the business of inquiring into the Queensland deals. That body is quite capable of thoroughly sifting the whole matter.

Dr. MALONEY.—But let it be done in the open; let the public have access to the inquiry.

Mr. ATKINSON.—I understand that such is the procedure to-day. I do not care, personally, however, whether the inquiry is open to the public or not. I have sufficient confidence in the Accounts Committee to know that they will perform their task completely and satisfactorily.

Mr. GREGORY.—Nobody wants to do the War Service Homes Commissioner an injury.

Mr. ATKINSON.—I certainly hope not. I hope and expect that the Commissioner will be given every opportunity to lay the whole of the facts before the Committee, and to justify himself; to show, in fact, that he has done the right thing.

Dr. MALONEY.—To what Commissioner does the honorable member refer?

Mr. ATKINSON.—To the War Service Homes Commissioner, Colonel Walker.

Dr. MALONEY.—I suggest that the honorable member had better watch the Courts in a day or two.

Mr. ATKINSON.—I can only say that, if Colonel Walker goes before the Accounts Committee, he will be subjected to close but fair examination, and that the report of the Committee can be relied on to give the whole of the facts.

I desire to say just a word concerning the principle of "securing the approval" of the Minister. If that phrase is to be construed as the Minister (Mr. Rodgers) has just indicated, the Commissioner will be able to enter into arrangements, with the approval of the Minister, which may plunge this country into considerable expenditure, and as an outcome of which there will be no course for honorable members to adopt but to indicate their indorsement.

The CHAIRMAN (Hon. J. M. Chanter).—Order! I ask the honorable member to make only passing reference to that matter. The Committee has already decided upon the principle.

Mr. ATKINSON.—I mention it only because of what the Minister said, and for the reason that I do not think he placed a correct interpretation upon the point.

Mr. RODGERS.—Does the honorable member consider that every proposition involving more than £5,000 must be brought before Parliament, and that the Minister has no discretion under the principal Act?

The CHAIRMAN.—Order! I must ask the Minister also to obey the Standing Orders.

Mr. ATKINSON.—I am sorry that, owing to the restrictive nature of the Standing Orders, I am prohibited from answering that question.

Mr. JAMES PAGE.—That is a "cute" evasion.

Mr. RODGERS.—The honorable member can say, "Yes," or "No."

Mr. ATKINSON.—My own opinion is that the Commissioner and the Minister must certainly be clothed with wide powers, but I hold that, as a principle, they should secure the approval of Parliament before decisively closing upon a proposition.

Mr. CORSER.—And delay the building of the houses.

Mr. ATKINSON.—Not necessarily. If the Parliament refused to ratify an agreement that had been made by the Commissioner for the purchase of any large works, would there not be considerable delay? Surely the honorable member does not think that this Parliament is prepared to agree to any expenditure that may be undertaken by the Minister or the War Service Homes Commissioner. In many cases the Commissioner could obtain an option over a property that he desired to acquire, and give Parliament an opportunity to consider his proposal.

The CHAIRMAN.—The honorable member has made more than a passing reference to that matter. I would remind him that clause 3, relating to the question which he is now discussing, has already been agreed to.

Mr. ATKINSON.—Neither the Minister nor the Commissioner should enter upon enterprises involving a large expenditure without consulting Parliament. I have heard to-day, for the first time, that further saw-mills have been acquired in Victoria. The wholesale acquisition of mills and other works will lead to disaster. Where the Government make one good bargain they are likely to have ten bad ones on their hands. That sort of thing would not benefit our returned soldiers, and, in dealing with this question, my sole desire is to consider their best interests. I do not desire the Government to enter upon "wild cat" schemes. I know too well the history of Government-conducted industries in Australia. Very few of them have been a success. Doubtless, the Commissioner could acquire certain properties with a fair prospect of success, and, in such circumstances, the Parliament would readily approve of action being taken by him. Since he already has that power, I see no necessity for this amendment, and must, therefore, vote against it.

Mr. GREGORY (Dampier) [4.39].—By agreeing to this amendment we shall give to the Commissioner a clear indication that the Parliament desires that he shall acquire large business enterprises. At the present time the Minister and the Commissioner have power to purchase mills and works of various kinds. Our complaint concerning the recent purchase of saw-mills and timber areas in Queensland was that the Government should have entered upon such an enterprise, involving, as it does, an expenditure of £500,000, without consulting Parliament. We were quite justified in protesting against that action, and I hope that we shall never be slow to protest against the Government of the day usurping the powers of this Parliament.

Mr. CHARLTON.—Would not my amendment prevent that being done?

Mr. GREGORY.—I recognise the point that the honorable member seeks to make, but I would point out that when the Government purchase a big business enterprise without consulting Parliament they take away from us the control that we should exercise over the public funds. I do not say that the Commissioner has made a bad deal in regard to the Queensland purchase. I know nothing of the properties acquired,

and I hope that the investigation in regard to them will show that the purchase was absolutely justifiable. I appreciate the difficulties with which the Minister and the Commissioner have had to contend, and I regret that we cannot insert in this Bill a clause making it a criminal offence for any persons to combine in restraint of trade in respect of goods or material required for War Service Homes. Unfortunately, I do not think we have the power to legislate with respect to trade and commerce within a State; the power still remains with the State Parliaments. Many timber merchants are, in my opinion, combining to raise prices, and I do not think we shall be able to take effective action to bring down prices until we have power to pass legislation making it a criminal offence for any association to fix the prices of goods required by the Government.

Mr. MAXWELL.—But the honorable member cannot suggest anything better than the Minister has done in purchasing the sawmills and timber areas in Queensland.

Mr. GREGORY.—So far as that transaction is concerned, my only protest is against the action of the Department in entering into it without first consulting Parliament. My suggestion that the Public Accounts Committee should be asked to inquire into the matter has been accepted by the Government, but we should be wanting in our duty if we did not protest against such an expenditure without the authority of this House.

In connexion with this amendment, by the passing of which we would express our approval of the Government entering into big business undertakings, I think it is worth while considering for a moment what has been achieved by various Government enterprises. I invite honorable members to point to any case in which they have proved a success. Let us consider for a moment the position at the Cockatoo Island dockyard. The honorable member for Hunter (Mr. Charlton), as Chairman of the Public Accounts Committee, presented to this House a report dealing with the operations of the dockyard, and he will remember that part of it in which it is pointed out that while a barge built at Cockatoo Island cost £12,800, an exactly similar barge built by Messrs.

Robinson Bros., of Melbourne, cost only £5,000. In the same report it was pointed out that, owing to the delay in constructing the cruiser *Brisbane* at Cockatoo Island, three years of its effective life had been lost. It was pointed out further, that while the *Melbourne* and the *Sydney* had cost £400,000 each, the cost of the *Brisbane* was £760,000, and that tens of thousands of pounds worth of goods could not be allocated to any particular work.

Mr. CHARLTON.—As a matter of fact, it was a badly managed "show."

Mr. GREGORY.—All these facts were dealt with in the report presented to the House by the honorable member.

Mr. TUDOR.—Locomotives are constructed in the Victorian Railway workshops at Newport, at from £1,000 to £2,000 below the cost at which they can be obtained from any private firm in Australia.

Mr. CORSER.—I do not think that is so.

Mr. TUDOR.—It is.

Mr. GREGORY.—And when we have in control of such enterprise a Minister who is seeking political patronage, and wants to find jobs for his friends, the public have to pay. I would also remind the Committee of the working of the Small Arms Factory at Lithgow. Honorable members will recollect the fight I have put up from time to time, with the object of ascertaining the cost of rifles produced in that factory. I offered, on one occasion, to make a wager that they were costing over £11 each. The Committee that reported to Parliament in favour of the establishment of that Factory said that rifles could be manufactured under Australian conditions at a cost of £3/9/1 each. We have in the Lithgow Factory what, prior to the war, was one of the best plants in the world. During the war period costs, as we know, have gone up considerably, but the Assistant Minister for Defence (Sir Granville Ryrie) last week admitted that rifles produced by the Small Arms Factory were now costing £13 each.

Mr. CHARLTON.—He also said that rifles could not be purchased for less elsewhere.

Mr. GREGORY.—What is the use of talking nonsense? The Defence Department, during the war period, would not give us any information as to the cost of production. It was said that it would

be unwise to let foreign Powers know the number of rifles we were making and the cost of their manufacture. In Belgium and France girls are employed to operate the machines in the Small Arms Factories, while boys and girls are so employed in British factories; but at the Lithgow Small Arms Factory only engineers are employed, and there is one man to each machine. Is it any wonder that the cost of production is so high?

I should like to know what was the cost of making bricks at Canberra. The brickworks there were established by the Government at a cost of something like £75,000, and the cost of the bricks produced was enormous.

Mr. CHARLTON.—The New South Wales State brickworks expect to pay out of profits in another year the whole of the capital cost of £140,000.

Mr. GREGORY.—Quite so. In Western Australia bricks are being sold at 48s. per thousand as against £3 per thousand in Victoria. The price here, I presume, is controlled by a Combine. I would do everything possible to prevent this restraint of trade. Only a little while ago evidence was given before the Fair Prices Commission in Victoria that up to £5 per thousand was being charged for bricks. I would make it very uncomfortable for those who, at a time like this, take advantage of the needs of the community.

The War Service Homes Commissioner may find it absolutely necessary to erect brickworks. He has power to do so under the principal Act. If prices continue to rise, and it is found impossible to obtain bricks at a reasonable price, he may deem it essential to establish brickworks. There is nothing to stop him from doing so, and in such circumstances the House, I am sure, would commend him for taking such action. Parliament, however, should be consulted in respect of any large expenditure contemplated by the Department. We have given the Minister and the Commissioner enormous powers under the principal Act. In carrying out the War Service Homes scheme they will probably spend something like £30,000,000.

Mr. CHARLTON.—And the rest.

Mr. GREGORY.—I think that something like 27,000 applications for war service homes still remain to be dealt with. Neither in the principal Act nor in this Bill is there a provision that the

Minister or the Commissioner shall furnish an annual report to Parliament. The Commissioner need not send in any report with regard to the progress of his operations.

Mr. FENTON.—If we can get a sufficient majority we will pass the honorable member's proposed amendment.

Mr. RODGERS.—I have already agreed to accept it in substance.

Mr. GREGORY.—The omission of such a provision is a reflection on the draftsman of the Bill. Measures of this kind are usually framed on existing legislation, and I copied most of my proposed amendment from a provision in the Railways Act of 1917. However, the Minister already has the power to do what the honorable member for Hunter desires to give the Commissioner power to do, and if it were found that Combines were being formed, rendering it very costly to obtain material for building soldiers' homes, I am sure he would set about the establishment of the necessary works. We are all of the opinion that the best should be done to provide soldiers with homes at the cheapest possible price. There is not an honorable member here who would work in the interest of any person anxious to increase the cost of these buildings. But are we to make it part of the policy of the War Service Homes Commissioner to establish undertakings of the kind suggested in the amendment?

Mr. McWILLIAMS.—Would not the wording of the amendment somewhat restrict his operations in this direction?

Mr. GREGORY.—The Government are pretty well alive to the fact that if action similar to that taken in the recent purchase of saw-mills in Queensland were taken in the future, honorable members who were found supporting them on the last occasion would then be found opposing them. Honorable members realize their responsibilities, and want some control over the public purse; they could not exonerate any Government which repeated what they had condemned them for doing in the past. One strong argument against the adoption of the amendment is the fact that it would assuredly lead to the establishment of a number of Departments, increasing the public expenditure. As the honorable member for Wakefield (Mr. Richard Foster) has already pointed out, the establishment of a War Service Homes Branch

in South Australia, where the State Bank has already been carrying out the work of building soldiers' homes successfully, must increase the cost of building these houses at a time when we ought to be doing all we can to keep it down; and here again, if we set up additional Departments with expensive staffs, for the purpose of running Commonwealth Brick Works, and Commonwealth Cement Works, and so forth, it must increase the cost of building homes for the soldiers, the very thing which we should set our minds on avoiding.

Mr. FENTON (Maribyrnong) [4.54].—The honorable member for Dampier (Mr. Gregory) and the honorable member for Wilmot (Mr. Atkinson), who preceded him, have uttered some mutually destructive arguments. At one time they both appeared to be strong supporters of the amendment put forward by the honorable member for Hunter (Mr. Charlton), but to every one's surprise they concluded by announcing their opposition to it. The honorable member for Dampier's contention, which he has always insisted on, that the right of Parliament to control these big financial undertakings should not be abrogated, is amply safeguarded in the amendment.

Mr. GREGORY.—But the amendment is a clear suggestion that the Commissioner should undertake these things.

Mr. FENTON.—He will only undertake them if he finds that it is to the benefit of the soldiers to do so. Apart altogether from any party feeling on the question of establishing State enterprises *ad libitum*, I should imagine that the very insertion in an Act of Parliament of words providing that the Commissioner may, with the consent of Parliament, acquire or establish brickworks, saw-mills, and cement works would have a deterrent effect on the actions of Combines. The honorable member for Dampier has always been very careful to trot out what he deems to have been the failures of State enterprises; but if we were to go through the whole gamut of private and Government enterprises, I dare say we should find a greater number of failures among the former.

Mr. JOWETT.—But the taxpayer is not called upon to bear the losses sustained by private enterprises.

Mr. FENTON.—I do not always look for profits from Government enterprises. I regard them as a form of insurance against the encroachment of those who would levy heavy toll upon the Government.

Mr. McWILLIAMS.—The State saw-mills in Queensland are charging exactly the same prices as the Combine.

Mr. FENTON.—That is quite likely, but let me read an extract which has already been quoted in this House, dealing with the operations of the State brick-works in New South Wales. It is taken from the report of the Inter-State Commission, and reads as follows:—

The manager of the State Brickworks gave evidence, and produced the Auditor-General's reports on the workings of this enterprise. The works sell common bricks at 38s. 6d. per 1,000, as against the Combine price of 50s. per 1,000. The works price in 1914 was 35s. The maximum output in any one year has been 38,000,000, the output in 1917 (a strike year) was 28,000,000; the estimated output for 1918 was 42,000,000. The present capacity for output is 44,000,000, but there is no room to double the works.

A total sum of £87,669 has been advanced by the Government, of which £20,000 has been repaid out of profits. Operations began in 1911, and the financial results, according to the Auditor-General's report, 1918, have been remarkable. He states—

"Accumulated profits at 30th June, 1918, were £23,622 8s. 9d., or 26.94 per cent.; reserve for renewals, £27,489 15s. 6d., or 31.36 per cent., amounting in all to £51,112 4s. 3d., or 58.30 per cent. of the capital employed."

As pointed out by the honorable member for South Sydney (Mr. Riley) these works anticipate paying off this year the balance of the capital cost. Consequently they will be able to sell their output cheaper. At any rate, they must be a good proposition for the State Government when we find that they can save another State undertaking, to wit, the Railways, as much as £170,000. State enterprises are not all a series of mistakes and blunders. The honorable member for Dampier (Mr. Gregory) has pointed out that we are being squeezed to-day by timber, brick, and cement Combines. How are we to escape from their grip? The Honorary Minister (Mr. Rodgers) has told us that owing to the purchase of saw-mills at Beech Forest, the War Service Homes Commissioner will effect a saving of at least 10s. per 100 feet on hardwood.

Mr. RODGERS. — I did not use that figure. I quoted the figures under our definite contract, and also the ruling rates.

Mr. FENTON.—The Minister quoted a rate of 25s., as against 15s.

Mr. RODGERS.—I quoted figures varying from 15s. 9d. to 33s., as against 25s. 8d. to 54s., the ruling market rates. Those are the prices for timber delivered in Melbourne or at any metropolitan station.

Mr. FENTON. — The Minister's figures practically bear out what I have said. I had distinctly in mind that whereas the ordinary current price of certain classes of timber is 25s. per 100 feet, the same class of timber is to be supplied by these mills at Beech Forest at 15s., thus effecting a saving of 10s. on the ruling market prices of to-day.

Mr. MAXWELL.—Assuming that the price now ruling continues.

Mr. FENTON.—It is quite likely, as the honorable member suggests, that the purchase of these mills by the Commonwealth may result in bringing down the price of timber in the open market, and that affords another splendid argument for inserting the amendment moved by the honorable member for Hunter. In any case, as I have already pointed out, the mere insertion of the amendment would have a deterrent effect on the operations of Combines.

Mr. McWILLIAMS.—The Minister can already do all these things without the consent of Parliament.

Mr. FENTON.—But the amendment would be a double-barrelled safeguard. No work could be established without the authority of Parliament, and the provision appearing in the Act would have a deterrent effect on Combines. I know that some honorable members regard a lot of the expenditure at the Flinders Naval Base as extravagant, and there certainly has been laxity and inefficiency of control, resulting in the wasting of thousands of pounds, but there are other officers who, in the administration of affairs, have been wise. One officer stationed at Flinders, requiring a large quantity of hardwood, approached a small saw-mill-owner in the neighbourhood and asked him to quote for the whole of the output of his mill, which about met the Department's requirements. As a result, he was able to effect a considerable saving.

Mr. McWILLIAMS.—If an officer approaches any mill-owner and offers to take the whole of his output, he can make a very good business "deal" with him.

Mr. FENTON.—That may be so in the case of free owners of mills, but most are in combinations, and, while not saying so in so many words, they hint that they cannot possibly reduce the selling price.

Mr. MAXWELL.—They will not "scab on their mates."

Mr. FENTON.—To put it plainly, that is so.

Mr. McWILLIAMS.—Is that not combination in restraint of trade?

Mr. FENTON.—The honorable member for Dampier (Mr. Gregory) said that he considered such action to be in restraint of trade, but was afraid we had not the power to prevent it. I think, however, that it is worth while inserting a provision of the kind in some Bill, instead of relying on indefinite terms of the Constitution. If we did so, my opinion is that the legislation would be upheld by the High Court.

I was a member of a Committee which inquired into the question of the establishment of cement works at Fairy Meadow, some 25 miles from the Federal Capital site. The evidence that we took, not only from Government officials, but from private cement manufacturers and others, was fairly conclusive that if the Government were to embark on the venture they could save at least £10,000 a year. I am surprised that the Government have not taken steps to establish cement works at that place.

Mr. McWILLIAMS.—It would require about £250,000 to start them.

Mr. FENTON.—Not quite so much. For a considerable number of years Danish manufacturers had a monopoly of cement production, but the British manufacturers have now come into the field, and are doing as well, if not better, than their Continental competitors. The land at Fairy Meadow has been purchased by the Commonwealth from the New South Wales Government, and it seems peculiarly adapted for this industry. On one side of a beautiful stream of water is a great hill of limestone formation, and on the other side a hill of shale. Thus we have the two main elements of cement, with water power to

drive the machinery. We know that large operations have commenced at Maria Island, and that Australian manufacturers are trying to catch up with the demand. Much work is ahead, including the construction of silos, irrigation works—including the Murray River works—pipe building, and ordinary building operations, and throughout Australia there is a greater demand for cement than ever. This is particularly noticeable in the case of reinforced cement work, and the pipes that are being turned out here, from 3-inch to 8-foot diameter, by the Hume Brothers company, are known all over the world. I think I am at liberty to say that Hume Brothers have sold their South African rights for £50,000, and that the New South Wales rights have been bought by the State Government. Under all the circumstances, we would be wise to adopt the amendment proposed by the honorable member for Hunter. To my mind, the arguments advanced by the honorable member for Wilmot (Mr. Atkinson) and the honorable member for Dampier (Mr. Gregory) tell more strongly in favour of the amendment than against it. I suppose that before we are finished with the work of repatriation we shall have to erect, roughly, 100,000 homes, which, at only £700 each, represents an expenditure of £70,000,000. Under the circumstances, we should, in every way possible, protect the returned soldier, who, after all, has to find the money. We should brush aside some of our preconceived notions regarding State enterprises, and adopt the course that will, in the end, prove the cheapest for the men who have done their duty by this country.

Mr. GIBSON (Corangamite) [5.13].—Unfortunately, I was unable to be present when the Minister made a statement in reference to a question I had asked earlier in the day. I wish to see the best done for our returned soldiers in the way of providing for them the cheapest houses the Government can build. I think, however, that the returned soldiers are not going to get the cheapest houses by the means adopted now, namely, the purchase of saw-mills and timber areas. I do not know whether honorable members are aware that the Government, some time back, purchased five timber mills in Victoria at a cost of something like £40,000. I am afraid that the Minister

(Mr. Rodgers) has been wrongly informed when he attempts to justify that purchase by stating that timber is now sold at from 25s. to 54s. per 100 feet super.

Mr. RODGERS.—The current price is 25s. 8d. to 54s., according to the character of the timber, delivered in the metropolitan markets.

Mr. GIBSON.—Timber is being delivered from the mills in Melbourne at 18s. per 100 feet super.—ordinary building timbers, building sizes, 3 x 2 and 3 x 1½, under 16 feet lengths, of which the soldier homes are built. The statement now made by the Minister, that the price ranges up to 54s., is altogether "out of it."

Mr. CHARLTON.—What is the retail price?

Mr. GIBSON.—It is 26s. per 100 feet super., and that is not by the truck-load, or in large quantities, but by the single stick if the purchaser pleases. If the Government had gone to any of the millers in the areas they have purchased, they could have got the timber at as low a price as it is costing them to-day. I was not here when the Minister made his statement, but I understood him to say that the cost is 15s. 9d. per 100 feet super. The Victorian saw-mills cost, I believe, £40,000.

Mr. RODGERS.—The total purchase money was £48,570.

Mr. GIBSON.—Although most of the mills purchased are in my own electorate, I am not sufficiently familiar with the facts to justify me in criticising the transaction. I may do so later, however, for I have heard a good deal about the matter. The Commonwealth Government could have taken up areas owned by the State Government, and put in their own mills, thus avoiding the purchase of the good-will of businesses carried out on lands already to a certain extent cut out. Some of the millers in my electorate have concluded that it is much more profitable to let their mills to parties of eight to fifteen men, and pay those men for the whole of the output; under all the circumstances, I think the Government have made a mistake, and would have done as well, or better, by going into new country. I hope that these purchases will prove all

right, but I am a little doubtful. It is time enough, when all other resources have been exhausted, to enter into State enterprises of this kind.

Mr. NICHOLLS (Macquarie) [5.18].—I support the amendment moved by the honorable member for Hunter (Mr. Charlton). Industries such as that of cement and iron manufacture in existence to-day cannot supply present demands, and the Government ought to make sure of a proper supply of material in order to avoid failure in the building of these War Service Homes. There are, I believe, about 70,000 applications for homes already in, and we may look for 100,000 before the work is completed. This means the consumption of a vast amount of raw material which the Government ought to be able to provide for themselves. The honorable member for Dampier (Mr. Gregory) is against the Government taking the control of any industry because, he says, such attempts in the past have not proved successful. I remind the honorable member, however, that he was against the establishment of the Commonwealth Bank, which certainly has not proved a failure. Then, again, the Small Arms Factory is a paying proposition.

Mr. RICHARD FOSTER.—What!

Mr. NICHOLLS.—Yes, the Small Arms Factory is a paying proposition for the purpose for which it was originally intended. The agricultural implement works established by the State Labour Government in Western Australia were also a success.

Mr. RICHARD FOSTER.—They were not. The Government were glad to get rid of them.

Mr. NICHOLLS. — They were a success, and produced implements at prices 30 per cent. below those quoted by private manufacturers. The implement works are still in operation, and nobody raises any objection to them. Therefore, they must be on a fairly satisfactory footing. The Commonwealth Clothing and Saddlery Factories have also proved profitable enterprises. If Government control is a success in connexion with the enterprises I have mentioned it is fair to assume that it would be equally successful in connexion with brick, cement, and iron works. Under existing conditions

soldiers are not getting their homes built as cheaply as they could do if better arrangements were made for obtaining the necessary material. To-day, cement and lime are fully 30s. per ton dearer than they should be, whilst roofing iron is £40 per ton dearer than the price at which it could be profitably manufactured in Australia. Corrugated galvanized iron is quoted at about £70 per ton, whereas statistics prove that it could be manufactured in Australia at £35 per ton. That price would give a reasonable return on capital. There is no reason why the Government should not establish these enterprises. There are comparatively few cement works in Australia, and they cannot supply the demand. Large quantities of cement are being consumed by Government Departments, and private buyers cannot get supplies. The main objection to the amendment raised by honorable members opposite is that Government control will not be successful. The old tale that Government enterprise is a failure will no longer serve, because every industry which the Government have established and managed has been a success. The honorable member for Wakefield (Mr. Richard Foster) said that the Lithgow Small Arms Factory was not a success.

Mr. RICHARD FOSTER.—The Minister for Defence stated a few days ago that the cost of producing a rifle at Lithgow is £13.

Mr. NICHOLLS.—I do not dispute that, but the conditions under which the employees work to-day are vastly different from what they were when the factory was first established. At any rate, rifles are manufactured as cheaply in the Government factory at Lithgow as they could be produced elsewhere in Australia. If the Lithgow article is not cheaper than the article produced by private enterprise it should be, because the Department refuses to pay its employees the same rate of pay as private employers pay for a similar class of work. There is plenty of scope for the Government to establish industries in almost every portion of the Commonwealth. In my own electorate there is room for new cement, lime, and iron works. In each of those industries nature would be practically a shareholder, for the whole of the material is ready to

hand. For cement works there is abundance of limestone and shale, and coal is obtainable close by. The only material that would have to be obtained from outside the State is gypsum. New South Wales presents better opportunities for the establishment of these industries than does any other State.

Mr. McWILLIAMS.—What rot!

Mr. NICHOLLS.—Are not the Portland Cement Works the most successful of the kind in the Commonwealth? Will the honorable member deny that there nature is a shareholder, contributing tens of millions of tons of limestone and shale on the spot, and convenient supplies of coal. At scores of other places in that State there is room for the establishment of similar enterprise. The Hoskins works at Lithgow have unlimited supplies of ironstone and coal. There is an opportunity for the Government to establish works which would produce iron at prices cheaper than those ruling to-day, and instead of the profits going into the pockets of private enterprise, they would go into the coffers of the Treasury, whilst the community would get a cheaper article. If the Government seriously desire to erect homes for soldiers at a reasonable cost they must see that the necessary material is obtained as cheaply as possible, and not continue paying private individuals whatever prices they choose to ask. Cement is quoted at about £5 2s. 6d. per ton, although anybody who knows anything about its manufacture will admit that it could be produced at a much lower price. Lime is from £3 to £3 15s. per ton; about five years ago it was selling at 27s. to 30s. per ton. These facts are worthy of consideration.

A number of returned soldiers have applied, through local repatriation bodies, for assistance in the purchase of homes. They were given to understand by the Controller of Repatriation that they could purchase houses already built, but they have never been able to get the money from the Department. Numbers of applicants have waited month after month to get a final answer from the Department, and they are still without satisfaction. I should like the Minister to see that a more expeditious method is adopted.

Mr. LISTER (Corio) [5.32].—I have not heard any strong argument against

the amendment. It merely provides that Parliament shall decide in regard to any large purchase which the Government may contemplate. The clause, if amended as proposed by the honorable member for Hunter, will provide that the Commissioner may erect, complete, or enlarge, for eligible persons, dwelling houses on land owned by them, and, for that purpose, may acquire or establish, with the consent of Parliament, brickworks, saw-mills, and cement works.

Mr. LAIRD SMITH.—We have that power already.

Mr. LISTER.—If the power already exists, why is there so much objection to stating it in the Bill? Acts of Parliament should be made clear enough for anybody to understand, and so explicit that there can be no evasion of the intention of the Legislature. I am not of opinion that the acquisition, by the Commissioner, of sawmills and timber areas will lead to any reduction in the price of timber. The Government action in this regard is equivalent to removing an experienced farmer from the land and putting an inexperienced soldier in his place, with the idea that, by so doing, the more rapid development of agriculture will be encouraged. I indorse the argument that the Government would have been better advised had they established mills in virgin forests, and thus supplemented the supplies at present available to the public. If the Government are going to acquire more of these mills, such acquisition must, of necessity, reduce the output to the general public. I fail to see the wisdom of purchasing mills which, in many cases, have been working for years. Any one with experience of saw-milling must know that, when a mill is established at a suitable forest site, the longer the mill remains in operation the more denuded does the neighbourhood become of suitable and accessible timber. Some thirty years ago I was employed by a saw-miller in Queensland.

Mr. FLEMING.—The honorable member must have been using a tomahawk at that time.

Mr. LISTER.—No; we were felling giants of the forest, 8 feet in diameter. We were sent out into the bush to cut down certain timbers, which, however, remained for several years as they had crashed, and, apparently, were only an

eyesore to the proprietor. The manager of the mill had instructed us to leave them as they lay, because he could not see his way clear to get the timber to the mill and sell it at a profit. Eventually these fallen trees were milled; and I may say here that the proprietor later became insolvent. The manager, who had been strongly averse from touching the timber at all, took the trouble to prepare detailed statements of the whole of the items of expense; and he afterwards made the matter public, since it had aroused considerable interest. I remember that the timber cost the owner more than 25s. per 100 feet to cut, and that he secured only 10s. 6d. per 100 feet for the hardwood in the rough. It was no wonder that he went insolvent. My point is that some of the mills which the Government have purchased have been working for a considerable time, and that it will cost more in future—and more and more as the years go by—to get the timber to those mills, and market it. The Government would have been more wisely advised if, instead of purchasing these going concerns, they had been persuaded to embark on the establishment of a mill of their own in a timber area hitherto untouched.

Reference has been made to cement. In the direction of the Government producing their own supplies, there are great possibilities. The Department should be able to erect, in the more congested areas, numbers of suitable homes for soldiers at a much cheaper rate than by building wooden homes; and there would be an additional advantage in that the upkeep of concrete houses would amount to considerably less. Some time ago, I was in conversation with a gentleman who told me that the Victorian Government had spent something like £10,000 upon the importation of cement from overseas for certain works in connexion with a freezing establishment somewhere in the neighbourhood, I understand, of Murtoa. I was authoritatively informed also that, right on the spot itself, there are millions of tons of the necessary ingredients for the manufacture of cement. That item of £10,000 would have provided capital for a splendid investment by the State erecting cement works. Instead of sending that money out of Australia for the purchase of a commodity, which came to hand only in very limited quantities, and was quickly used up, a permanent source

of supply could have been established, and the effect might have been to materially cheapen the cost of soldiers' homes in the more congested areas.

The Minister (Mr. Rodgers) has made reference to a matter which I raised in this House, by way of a question, on Friday last. The outcome of my question is that there will be an inquiry into certain charges which have been made; but I wish to emphasize the fact that I have not made those charges. Their terms are to be found embodied in correspondence which has passed between the individual named therein and the War Service Homes Department. The Minister referred to the gentleman as being desirous of selling to the Commissioner something which he had not for sale. I call the attention of honorable members to the following letter dated 8th March, from Mr. J. T. Caldwell to the Commissioner for War Service Homes:—

Following the interview accorded Mr. H. C. Sleight and myself to-day, respecting the difference between us regarding the title to the islands of Vanikoro and Tevai, I have since received the Resident Commissioner's letter (copy of which is enclosed), and trust it will cause you to agree with the contention that my application should be respected, and not interfered with by your Commission.

I am writing you in detail regarding my negotiations with Mr. Combes, in Sydney, as representing you, and the subsequent proceedings in this city.

I will now read a copy of a letter written from the office of the Resident Commissioner, British Solomon Islands, to Mr. Caldwell:—

Tulagi, 28th November, 1919.

Sir,

I have the honour to acknowledge the receipt of your report on Vanikoro dated 25th November, which I have read with great interest.

I observe that you apply for plantation, as well as for timber rights, over the whole of the islands of Vanikoro and Tevai, and, if possible, for exclusive fishing and trading licences.

I am forwarding your report and application to His Excellency the High Commissioner, with a strong recommendation that an occupation licence be granted you; but I must inform you that, as the law stands at present, any vessel in respect of which a ship's licence has been taken out, is entitled to trade or fish within Protectorate waters without restriction as to area.

I have the honour to be, sir,

Your obedient servant,

(Sgd.) CHARLES WORKMAN,

Resident Commissioner.

J. T. Caldwell, Esq.,
The Hotel, Tulagi.

This man, Caldwell, journeyed to the islands about the middle of last year, in search of timber—having been financed, I understand, by the Lahey Brothers, of Brisbane, or, at any rate, by some of the members of that firm. After considerable travel, he furnished a report to the Resident Commissioner of the islands. To that report the Commissioner alludes in his letter, and the same report was furnished to Caldwell's principals in Brisbane.

Mr. RILEY.—But has the man any interests there himself, upon which he is prepared to negotiate?

Mr. LISTER.—He was given a distinct promise that his application would receive strong recommendation.

Mr. JAMES PAGE.—And what does he want for that?

Mr. LISTER.—It can be proved, by reference to the correspondence, which I do not propose to read *in extenso*—

Mr. JAMES PAGE.—He has no rights over those islands.

Mr. LISTER.—I do not say that he has rights; but his charge against the Government is that, while he was negotiating with the War Service Homes Department, the Government went behind his back and blocked the granting to him of an option, such as had been strongly recommended by the Resident Commissioner in the Solomons.

Mr. RODGERS.—The honorable member means that when these parties found that they had no lease they started making inquiries for themselves.

Mr. LISTER.—It is stated in the correspondence that Caldwell, having returned, met a representative of the Department in Sydney, namely, Mr. Combes, who told him that he was about to set out for Papua to seek timber for the purposes of the Department. In the course of further conversation, Mr. Combes asked this gentleman—having heard that he had recently inspected the timber in the Solomons—if he was prepared to enter into negotiations with the Commissioner for the sale of the timber. A tentative agreement was drawn up, or arranged, whereby the sum of 2s. per 100 super. feet should be paid to him by way of royalty.

Mr. JAMES PAGE.—For something which he did not possess.

Mr. LISTER.—I cannot explain the position fully at this stage. In a letter to the Commissioner dated 7th March

last, Mr. Caldwell states that he met Mr. Combes in Mr. H. C. Sleight's offices, Sydney, in December, 1919, and he goes on to say that—

I explained my relations with Messrs. Lahey and Sons of the Brisbane Timbers Limited, and promised to submit a proposition to them in Brisbane on my visit in January. Mr. Combes, however, pressed me to place the matter before them at once, and I finally sent a wire asking one of my friends to come down and see him. I got no reply to my wire till the 29th, when five came to hand, all sent between the 17th and the 24th, but held up by incompetent officials. They gave me authority to enter into negotiations with Mr. Combes, but neither were able to meet us in Sydney, so Mr. Combes left for Melbourne on the 31st, and I arranged for him to meet Mr. Sleight at his office on January 5th. Mr. Sleight then became my agent in the matter, and on January 6th I proceeded to Brisbane to see my partners. . . . Ultimately, after receiving several telegrams from Mr. Sleight, it was arranged that I should see you personally, and on Saturday, the 24th January, presented myself at your office with Mr. H. C. Sleight, where a tentative arrangement was made for disposing of the timber on Vanikoro and Tevai Islands, on royalty to your Commission.

On the 27th you, Mr. Combes, Mr. Bradshaw, and another whom I do not know, called at Mr. Sleight's office to inspect the samples of timber I had brought from the islands, and on the following day you asked Mr. Sleight to ascertain what I would take for my rights, and the sum of £50,000, which was half that would be payable under the royalty scheme, was named.

That was the sum named by the representative of the Commission.

Mr. RILEY.—The man was on a good wicket.

Mr. LISTER.—I do not hold a brief for him. I am simply making quotations from the correspondence, in which he endeavours to prove that he has not been fairly treated by the War Service Homes Commissioner. Various statements, which I think strengthen his case, are made in the correspondence. I need not mention them here, but, having read the correspondence, I feel satisfied that if the statements contained in it are correct, this man has just ground for complaint. I am not here to say that his statements are true or untrue, but he certainly makes very serious charges, gravely reflecting upon officials in the War Service Homes Department, and for the sake of their honour and integrity the fullest inquiry should be made. The correspondence shows that in the course of interviews be-

tween Mr. Caldwell and the Commissioner, and also between Mr. Caldwell and the Minister for Repatriation (Senator E. D. Millen) some strong expressions were used. Reference is made in such words as "liars" and "swindlers." The whole of the correspondence will be tabled. I desire now to quote from a letter sent by Mr. Caldwell to the War Service Homes Commissioner on 4th August last—

I have to acknowledge yours of 29th July, which is not a reply to mine of 24th June, wherein I stated a case and asked for an explanation. Whether my correspondence is couched in "reasonable language" or not is a matter of opinion. The reason for it is not a usual one, and in view of the allegation of serious wrong-doing on the part of the War Service Homes officials, and the refusal to even acknowledge correspondence addressed on a public matter, is an occasion which warrants severe criticism.

Mr. RODGERS. — What is the definite charge made against any official of the Department?

Mr. LISTER.—Caldwell states that on his return from the islands he had an interview with Colonel Walker, who entered into a tentative agreement with him on the understanding that matters could be finalized later on. Caldwell had spoken of Lahey's mills and timber areas in Queensland, and Colonel Walker suggested that he should go to Queensland, and enter into negotiations, with a view to the purchase of considerable quantities of timber for the War Service Homes Commissioner. These were the first negotiations that took place on behalf of the Commonwealth Government. Caldwell's charge is that, while he was on his way to Brisbane, with the full approval and consent of, and practically under instructions from, the War Service Homes Commissioner, the Commissioner, behind his back, entered into negotiations with Lahey Bros., by means of telegraphic communications, for the purchase of 5,000,000 superficial feet of pine per annum for a period of five years.

Mr. RODGERS.—Does he complain of the Lahey proposition or the island proposition?

Mr. LISTER.—His complaint is that he was undermined in regard to the island proposition, and undermined also by the War Service Homes Commissioner while he was doing work on his behalf and at his request.

Mr. RODGERS.—Does the honorable member think that the Commissioner would be worthy of his position if he had accepted the mere statements of this man, and had not communicated with the Administrator of the islands?

Mr. LISTER.—I can only say that, according to the correspondence placed at my disposal, the Government have gone behind this man's back in regard to the island scheme. He submitted a proposition to them in regard to timber on the islands, and, finding that he had not a lease, but only the promise of a lease of timber areas there, they in some way induced the Resident Commissioner or the Governor of the Protectorate to refuse to grant him a lease.

The CHAIRMAN.—Order! I am loath to intervene. I permitted the Minister (Mr. Rodgers), quite irregularly, to deal with the question of the timber purchases, although it was not at all relevant to the clause or the amendment before the Chair. In fairness to the honorable member I, therefore, permitted him to make a lengthy reply to the Minister's statement. I must now ask him to confine himself to the question immediately before the Chair since the clause on which the matter of the timber purchases could have been raised has already been agreed to.

Mr. LISTER.—If that is your ruling, sir, I shall have to submit to it. It is somewhat strange that while honorable members have been allowed to refer to the cost of rifle production and practically everything else under the sun, I am not permitted to deal with the question of the purchase of timber for soldiers' homes.

The CHAIRMAN.—The honorable member had his opportunity to refer to that matter at length when clause 3 was under consideration. He will have another opportunity to deal with it on the motion for the third reading of the Bill.

Mr. LISTER.—I submit to your ruling with the very best grace, and conclude with the hope that the proposed inquiry will be of a most thorough character. I trust that the whole of the facts will be elicited from both sides in order that justice may be done to those who apparently are at present under a cloud. As to the amendment, I certainly feel disposed to give it my support.

Mr. CHARLTON (Hunter) [6.0].—The necessity for such an amendment as

that proposed by me has been clearly shown during the course of the debate. Practically every honorable member is in agreement with the principle for which it provides. One or two honorable members have intimated their intention of voting against it; but an analysis of their speeches shows that they are in duty bound to support it. The Minister (Mr. Rodgers) has declared that the Department has already sufficient power under the principal Act to expend whatever it pleases on the purchase of timber mills, or anything else, necessary in connexion with the construction of War Service Homes. His only objection to the amendment seemed to be that it requires that Parliament shall be consulted before the Commissioner acquires or establishes any of these enterprises. So many honorable members had said that the Parliament should be consulted in respect of all projects involving a large expenditure that I did not anticipate any opposition to my amendment. During the war period a system grew up under which Ministers and others were permitted to undertake huge expenditures without consulting the Parliament. We have become familiar with the practice, and it seems now to be taken for granted that it should continue. The honorable member for Wilmot (Mr. Atkinson) and the honorable member for Dampier (Mr. Gregory), who adopted practically the same line of argument, concluded by stating that they would oppose the amendment. The honorable member for Wilmot said that under the principal Act the Minister had power to acquire any business enterprise necessary to the building of War Service Homes, and that, therefore, this amendment was unnecessary. A moment later he declared that if the Government continued to expend huge sums of money without first consulting Parliament, they need not look to him for any further support. He said he would have to consider whether he would be justified in supporting a Government that would continue that practice. Notwithstanding this declaration, he objects to an amendment which expressly provides that the consent of Parliament shall be obtained to any proposal by the Department for the purchase of a business enterprise.

Sir JOSEPH COOK.—If the honorable member merely desires to provide that the consent of Parliament shall be ob-

Mr. Charlton.

tained, why does he not say so, and omit the other part of his amendment?

Mr. CHARLTON.—I believe in the principle for which it provides. Those who favour the principle, and yet oppose this amendment, are taking up a very strange position. The honorable member for Dampier urged that to carry the amendment would be to give a direction to the Commissioner that he should purchase or set up big industrial enterprises. He admits that the principal Act gives the Commissioner power to incur large expenditures in such a direction, and that being so, he ought not to take exception to the amendment. It provides for the very principle for which he has declared.

Mr. GREGORY.—The constitutional method is for Ministers to apply to Parliament for approval to incur large expenditures. That being so, why insert such a provision in the Bill?

Mr. CHARLTON.—It has been contended throughout the afternoon that the Minister has power to acquire certain propositions, but that they ought first to be referred to Parliament. If that is so, how is it a constitutional power? To my mind, the necessity to refer such matters to Parliament ought to be placed in the Bill, so that there can be no escape from it. However, very soon we shall have a division on my amendment, and then we shall have the spectacle of honorable members, who have pointed out how absolutely necessary it is that no large sum of money should be spent without the consent of Parliament, voting against an amendment which places on the Minister the obligation to seek the consent of Parliament before undertaking any big business transaction, and doing so on the flimsy pretext that they do not think such a provision ought to be included in the Bill.

Mr. ATKINSON.—Will the honorable member be prepared to alter his amendment to provide that the Commissioner shall not acquire any of these works without first submitting the proposal to Parliament? If he does so, I shall support him.

Mr. CHARLTON.—No; I want the Minister to be in a position to acquire certain works if he thinks it good business to do so in the interests of reducing the cost of soldiers' homes. I have been through the mill, and, because I know

how difficult it was for me to make repayments of money I had borrowed in connexion with my home, I can speak feelingly about the position of soldiers.

Mr. FLEMING.—Does the honorable member think that a soldier would be safer in the hands of Parliament than if the matter were left in the hands of a Minister?

Mr. CHARLTON.—I am endeavouring to place the matter under the control of Parliament, but the honorable member is evidently opposed to that principle.

Mr. FLEMING.—Not if the word "shall" is used.

Mr. CHARLTON.—That would prevent the Minister from doing anything in this direction except under exceptional circumstances. I would give him the option of carrying on these enterprises. I take no exception to what the Minister has done recently in the purchase of saw-mills, but I hold that no money should be expended for the purpose of acquiring undertakings, although they may be found necessary to reduce the cost of building material, unless the consent of Parliament has first been obtained. If this provision is made in the Bill, there can be no ground for complaint against any transaction. It surprises me that some honorable members are opposing my amendment. Only the other day they were condemning the Minister for having purchased mills in Queensland at a cost of £500,000, without the consent of Parliament, but now that they have the opportunity of compelling him to first submit to Parliament any proposition he wants to acquire, they wriggle and advance all sorts of excuses for not supporting it. If they have any desire to be consistent they have the opportunity of displaying their consistency by supporting my proposal. There is such a scarcity of material, and there are so many competitors in the field for the quantity available, that higher prices must prevail, and, in twelve months' time, I believe the Minister will be compelled to come down to this House and ask permission to make a further advance to soldiers for the purchase of homes.

Mr. RODGERS.—Will the honorable member's amendment add to or take away from the power which the Commissioner already possesses?

Mr. CHARLTON.—No, except that the Commissioner would be obliged to

come to Parliament for approval of any undertaking.

Mr. FENTON.—No deal could be completed without the consent of Parliament.

Mr. CHARLTON.—That would be the case. There are always people who are only too anxious to cast doubt upon any transaction. My amendment would relieve the Minister of any responsibility in that regard. If he recommends a certain proposition to the Parliament, pointing out that a saving would be effected by it, and if Parliament consents to it, he clears himself of all future responsibility in connexion with it. I think the amendment is a reasonable one.

Mr. FLEMING (Robertson) [6.12].—Listening to the honorable member for Hunter (Mr. Charlton) one would think that his amendment was designed to safeguard the rights of Parliament as against individual Ministerial action, and protect the soldier against the Commissioner; and if that were the effect of the amendment I would most gladly support it, because it is time Parliament had more control over expenditure, and it would be better for the individual soldier to always have such matters referred to this House, but the amendment does neither of these things. It merely gives a direction to the Commissioner to acquire these different undertakings.

Mr. MAXWELL.—Does the honorable member contend that each individual soldier's case should be submitted to this House?

Mr. FLEMING.—I do not mean that. If a better means could be devised by which a soldier could reach this House instead of through the Minister, and the honorable member for Hunter implied that that was what his amendment sought to achieve, I would support it, but I find that under the amendment the soldier would get no nearer to this House, and that the power of Parliament would not in any way be decreased. The Minister would still remain the sole arbiter.

Mr. CHARLTON.—Would not the Minister or the Department be the best judges as to whether a proposition should be acquired?

Mr. FLEMING.—I think that Parliament would be the best judges in such a case. On innumerable occasions it has been pointed out that this House has lost

its control of the purse to Ministers, and the honorable member, by his speech, would lead one to suppose that the purpose of his amendment was to restore that control to Parliament, whereas, as a matter of fact, it merely gives a direction to the Commissioner to extend the Government's business activities.

Mr. CHARLTON.—Subject to parliamentary approval.

Mr. FLEMING.—That is so, but I am opposed to the idea of the Government entering on any more of these activities. We have already too many of them.

Mr. RILEY.—The building of soldiers' homes is a Government activity.

Mr. FLEMING.—Certainly; but I think that work should be done through individual channels. The extension of Government activities, in the way suggested by the honorable member for Hunter, will not benefit the soldiers. On the contrary it will do them great injury. I, therefore, oppose it.

Mr. MAXWELL (Fawkner) [6.15].—Very often I find myself in agreement with the honorable member for Hunter (Mr. Charlton); but, in regard to this amendment, I find myself in total disagreement with him. As the honorable member has claimed that all honorable members on this side of the House ought to support his amendment, I think it necessary to say a word or two in regard to my attitude towards it. I believe in the Minister and the Commissioner having the powers they have at present under the Act. I believe in the Commissioner having the power to expend money up to the sum mentioned, £5,000. I also believe that he should not have the power to expend over that amount without the approval of the Minister. But, having intrusted the Minister and those associated with him with the expenditure of an immense sum of money, I am perfectly content to leave it to them to spend it, subject always to their responsibility to Parliament. If a Minister, pursuant to the powers given him under the Act, spends money unwisely, he can be brought to book on the floor of the House. We can challenge every transaction in which he engages, and if he does something that is clearly unbusiness-like, he can be brought to book, and the Government that indorses his action can be thrown

out of office. Under the Act, the Minister and the Commissioner already have power to acquire all the classes of enterprise which the honorable member for Hunter thinks it may be necessary for them to undertake in the interests of the economical building of soldiers' homes. As a matter of fact, the amendment would really restrict, and restrict unnecessarily, their power in this respect. I would leave the whole of the responsibility as to the way in which the money is to be expended on the shoulders of the Minister.

Mr. ATKINSON.—Parliament has to accept the responsibility, because it has to pass the expenditure.

Mr. MAXWELL.—That may be so, but we have given the Minister power to spend an immense amount of money, and if in the interests of the economical building of homes he sees an opportunity of making a good "deal," perhaps of securing a saw-mill at a reasonable price, which may involve an expenditure of more than £5,000 or even £20,000, he can grasp it; but the amendment would compel him to come down to the House and allow Parliament to discuss the advisability or otherwise of carrying out the "deal."

Mr. FENTON.—The Minister could get an option.

Mr. MAXWELL.—I do not think he could. As business men know, matters of this kind very often require careful and delicate handling. The Minister may send an agent to approach the vendor of a saw-mill.

Mr. RODGERS.—He may see the opportunity of so doing at a time when Parliament is not sitting.

Mr. MAXWELL.—Yes, and it may be lost if he does not seize upon it at once. However, suppose the Minister gets an option on the purchase of a saw-mill. Just imagine this business proposition being introduced to the House. There would be all sorts of wrangling. My experience in the House is that it is exceedingly difficult to have any question discussed on its merits. Nearly every discussion in this House in which I have taken part has been vitiated by party considerations and prejudices. If we had a business proposition placed before us for our approval, the chances are that these considerations would operate.

What, then, would be the position? Probably honorable members of the Opposition, because they saw an opportunity of stealing a march upon or scoring against the Government, would be found voting against it, while honorable members on this side, who, on principle, are opposed to the Government entering into business propositions of the kind, would associate themselves with the Opposition. By this means the Government might be defeated on a good sound business transaction.

Mr. JAMES PAGE.—You bet! We will put them out at the first opportunity.

Mr. MAXWELL. — That interjection exactly gives point to my contention. The effect of the amendment would be to unnecessarily restrict the power of the Minister. I, for one, am perfectly content to leave the powers of Minister and Commissioner as they are at present, holding the Minister responsible for any abuse of it.

Question—That the words proposed to be inserted be so inserted (Mr. CHARLTON's amendment)—put. The Committee divided.

Ayes	..	..	18
Noes	..	..	28
<hr/>			
Majority	..	..	10

AYES.

Bamford, F. W.	Moloney, Parker
Blakeley, A.	Nicholls, S. R.
Brennan, F.	Page, James
Chapman, Austin	Riley, E.
Cunningham, L. L.	Watkins, D.
Lavelle, T. J.	West, J. E.
Lazzarini, H. P.	
Lister, J. H.	<i>Tellers:</i>
Maloney, Dr.	Charlton, M.
McDonald, C.	Fenton, J. E.

NOES.

Atkinson, L.	Hill, W. C.
Bell, G. J.	Jackson, D. S.
Best, Sir Robert	Jowett, E.
Bruce, S. M.	Lamond, Hector
Cameron, D. C.	Mackay, G. H.
Cook, Sir Joseph	Marr, C. W. C.
Cook, Robert	Maxwell, G. A.
Corser, E. B. C.	Rodgers, A. S.
Fleming, W. M.	Ryrie, Sir Granville
Foster, Richard	Smith, Laird
Gibson, W. G.	Wise, G. H.
Greene, W. M.	
Gregory, H.	<i>Tellers:</i>
Groom, L. E.	Burchell, R. J.
Higgs, W. G.	Story, W. H.

9 H 2

PAIRS.

Anstey, F.	Watt, W. A.
Catts, J. H.	Bowden, E. K.
Gabb, J. M.	Livingston, J.
Makin, N. J. O.	Marks, W. M.
Tudor, F. G.	Poynton, A.
Mathews, J.	Hughes, W. M.
Ryan, T. J.	Prowse, J. H.
Considine, M. P.	Fowler, J. M.
Mahon, H.	Bayley, J. G.
Mahony, W. G.	Francis, F. H.
McGrath, D. C.	Hay, A.

Question so resolved in the negative.

Amendment negatived.

Clause agreed to.

Sitting suspended from 6.28 to 8 p.m.

Clause 6 (Sale of dwelling-houses).

Mr. CHARLTON (Hunter) [8.0].—I hope the Minister will take some action to have the purchase of houses expedited. Sometimes, after an application is approved, a long time elapses before the Department completes the bargain. I have in mind the case of a soldier who applied to the Department for assistance to purchase a home from a private person. His application was approved, and the owner thought it fair to allow the soldier to take possession of the home. I think the soldier has been in occupation of the house for at least six months, and the purchase is not yet completed. In the meantime the seller has been receiving no rent, and he is without the purchase money. He has been placed in a difficult position. I am of opinion that when the Department has approved of an application, not more than a few weeks should elapse before the transaction is completed.

Clause agreed to.

Clause 7 agreed to.

Clause 8 (Advances to acquire land, &c.).

Mr. CHARLTON (Hunter) [8.3].—I notice that the Department is acquiring land which is not in very healthy localities. I spoke on this matter during the second-reading debate. On Saturday, as I was proceeding to my home, I pointed out to Dr. Nash, M.L.A., the area at Adamstown, near Newcastle, which has been acquired by the Government for the erection of soldiers' homes. He said to me, "I am surprised. I have known this locality since boyhood. It has always been a swamp, and subject to fogs. There is plenty of elevated Government

land available near by, and I cannot understand why the Department do not acquire it."

Mr. RODGERS.—Is that land owned by the State of New South Wales?

Mr. CHARLTON.—Yes; some of it has been already sold, and the balance is available for purchase. I refer to the Newcastle Commonage Reserve. I believe it is available at a reasonable price, for the reason that it was undermined years ago, and was subsequently levelled by the late E. W. O'Sullivan. The best portion of it could be selected for soldiers' homes, instead of erecting them on the flat. There is also land belonging to the Waratah Coal Company. I believe that the area which is acquired was dearer than either of these properties I have mentioned. If we are to provide homes for soldiers, we should do the thing properly, and not buy land simply because it is offered to the Department, and regardless of the fact that it is in an unhealthy situation. I was informed a few days ago that, after recent heavy rains, the area which has been purchased was partly under water. At present there is no adequate provision for the drainage of the area. Even if it were drained it would still be subject to fog; and in winter it is one of the coldest spots in the Newcastle district.

Clause agreed to.

Clause 9 (Advance for purposes of home only to persons not already an owner).

Mr. TUDOR (Yarra) [8.6].—The desire of Parliament is that those soldiers who are without homes should have an opportunity of getting them. Does the clause mean that if a soldier already has a home he is not entitled to get another under the terms of the War Service Homes Act?

Mr. RODGERS (Wannon — Assistant Minister for Repatriation) [8.7].—In some cases nurses have combined together and pooled their housing provisions, in order to establish a hospital. The clause provides that nurses who have thus benefited collectively shall not also be entitled individually to a home.

Mr. JOWETT.—Is there any provision to protect nurses who get married from losing their homes?

Mr. RODGERS.—If a nurse and a soldier, both of whom are entitled to housing provision, marry, they will not each be entitled to a home. The Act already provides that the owner shall reside in his home. In the case of a marriage such as I have indicated, one of the parties will forfeit his or her rights.

Clause agreed to.

Clause 10—

After section 28 of the principal Act the following section is inserted:—

"28A. (1) Notwithstanding anything contained in this Act, the total cost to the Commissioner of any dwelling-house erected by him, or the amount of any advance made in pursuance of this Act, may, if, in the opinion of the Commissioner, the circumstances of any case justify the excess, exceed Seven hundred pounds, but shall not exceed Eight hundred pounds.

(2) The provisions of this section shall extend to dwelling-houses which are, at the commencement of this section, in course of erection and—

- (a) which are erected by the Commissioner; or
- (b) in respect of which an advance has been made by the Commissioner."

Mr. BURCHELL (Fremantle) [8.9].—

During the second-reading debate I drew attention to instances of the estimated cost of a home having been exceeded owing to circumstances over which neither the Commissioner nor the applicant had any control, and the Commissioner thereupon insisting that the applicant, before occupying the home, should pay in cash the excess cost. I now urge upon the Assistant Minister the desirability of reviewing the reply that he gave to me on Thursday last. This matter has received mature consideration by the executive of the Returned Sailors and Soldiers Imperial League, who, after hearing particulars of cases submitted by individuals in various States, carried a resolution which has been forwarded to the Government. I will illustrate my point with a supposititious case: The Department agrees to build a home for an applicant under the existing Act at an estimated cost of £690. Owing to circumstances which arise during the course of construction, and for which neither the applicant nor the Commissioner is responsible, the cost is increased to £720. The increase may be due to the higher price of materials and labour; but the original estimate forms the basis of

the contract between the Department and the soldier. The Department then requires the soldier to pay in cash the additional £30 before he is allowed to occupy the building. I ask the Assistant Minister to adopt, by administrative act, the principle that operates in Western Australia under the Workers Homes Act, whereby, if the estimated cost of the building is exceeded, the excess is added to the worker's obligation for the time being, and he is allowed a period of months, and in some cases years, in which to pay off such excess. He is not required to pay the amount in cash before he can enter his home. Many returned soldiers are not in a position, after paying their deposit to the Department and buying furniture, to find even an extra £20 in cash, and the result is that sometimes a soldier is prevented from entering a home which the Department has erected for him. He has to approach a money-lender or a friend in order to borrow the amount of cash required before he can take possession of his own house. I should like the Minister to agree to the practice in operation in Western Australia. I have received the following reply to a telegram which I sent to Western Australia, asking for information on this point:—

No section under Workers' Homes Act providing excess expenditure, but all cases where excess occurs have, by Cabinet approval, been treated similar category maximum amount fixed by Act. Repayment provided same basis as prescribed in Act limiting capital cost.

I also suggest that the cover for all homes to be erected under the Act should be sufficient, and let me disabuse honorable members' minds on another point. If an applicant for a home asks for extras while the house is in course of erection, or for any alteration in the plan resulting in increased expenditure, he should pay the difference in cash. I am arguing for those cases, and there are many, in which an applicant for a home is not in any way responsible for the added expenditure, and finds that he has to put up a certain amount in cash before he can get into his home. Probably cases similar to these have given colour to statements that we hear outside that the War Service Homes Department are really charging a deposit on their homes, whereas we know that they do not. How-

ever, in this way a deposit is virtually being secured from certain applicants, and I hope the Minister will give some definite undertaking that, in the administration of the Act, cases similar to that which I have mentioned, will be met by allowing the increased cost to be spread over a number of months rather than by demanding hard cash from the applicant.

Mr. RODGERS (Wannon — Assistant Minister for Repatriation) [8.18].—I hope that anything I may have said on a previous occasion will not be construed as meaning that the Ministry are unsympathetic towards the view-point put by the honorable member for Fremantle (Mr. Burchell). As a matter of fact, the recognition by the Commissioner of the very circumstance to which the honorable member has referred led to this increased amount of £100 being provided for in the Bill and so far as houses that have been erected, or are in course of erection are concerned, this increased amount disposes of all cases up to the present. With regard to the future, it would, indeed, at this stage be very imprudent for any Minister to say that although we are increasing the amount to be made available £100, we shall, if necessary, further increase it to provide for certain cases. I am sorry I cannot give that assurance.

Mr. BURCHELL.—Even when the increased cost is through no fault of the applicant?

Mr. RODGERS.—I am not going to anticipate that the additional £100 is going to be spent in every case. It may happen that later materials will be available at a cheaper rate, and, consequently, an applicant would benefit by obtaining a better class of house for the increased amount. But if circumstances should tend the other way, and materials begin to rise, the Government might then give consideration to the point raised by the honorable member. In view of the fact that by this increase we have met all cases up to the present, I ask the honorable gentleman not to press for an amendment to the clause.

Mr. TUDOR (Yarra) [8.21].—The clause definitely limits the amount to be made available to £800, so it would be impossible for the Commissioner to go beyond that amount. I am anxious that those houses which are being purchased through or erected by other bodies than

the War Service Homes Department, should come under the provisions of this measure. I understand that in South Australia up to the present, the work has been done by the State Bank, and that similar work is being done elsewhere by the Commonwealth Bank. Are they working independently, and are they allowed to go to any amount, provided that the security is good enough?

Mr. RODGERS.—If they are building for the War Service Homes Commissioner they are governed entirely by the terms of the Act.

Mr. TUDOR.—I believe that, if the work is being done purely as a banking transaction, they can go to any amount they like if they think the security is good enough.

Mr. RODGERS.—So may the general public.

Mr. AUSTIN CHAPMAN.—Is it better to do this work through the Bank? That is the question.

Mr. HECTOR LAMOND (Illawarra) [8.25].—I think we should have a new clause, embodying the principle explained by the honorable member for Fremantle (Mr. Burchell). It seems to me grossly unfair to the soldier that if the Commissioner undertakes to build a house within the amount provided by Parliament, but is unable to carry out his part of the contract, the soldier should lose an opportunity to enter into possession. It appears to be so unfair that the proposal for a new clause to cover the position should meet with the support of the majority of honorable members.

Mr. GREGORY.—But would you limit the amount?

Mr. HECTOR LAMOND.—If the Commissioner is going to make mistakes involving an additional expenditure of £100 on a £700 estimate, then the sooner we get a new Commissioner the better.

Mr. TUDOR.—Is it suggested that that has happened?

Mr. HECTOR LAMOND.—No, but the point has been raised by the honorable member for Dampier. This is the position that may arise in a great many cases: A soldier may spend all his available cash in the purchase of land, and then ask the Commissioner to erect a house on it. The Commissioner may consent to do so within the limits fixed by the Act, and then, through a mistake

on his part, may demand of the soldier another £20, £30, £40, or £50.

Mr. McWILLIAMS.—And just at a time when the soldier would not have the money.

Mr. HECTOR LAMOND.—Yes, and no means of raising it, because the security would be in the hands of the Department.

Mr. BURCHELL.—And the soldier would then be shut out from the very house which he contracted to buy.

Mr. HECTOR LAMOND.—Yes, and through default on the part of the Commissioner, he would be denied the particular benefit which Parliament had provided for him.

Mr. RODGERS.—Does not the honorable member see that this extra amount of £100 is going to cover the additional expenditure?

Mr. HECTOR LAMOND.—But I am referring to the point raised by the honorable member for Fremantle, and I must say that I am entirely disappointed with the provisions of clause 10. We had been led to believe that the Ministry recognised that the amount provided in the Act for the erection of soldiers' homes was inadequate, and decided to increase it by £100. Instead of doing that, however, this Bill merely applies the additional amount to a few cases in which a soldier may have a special claim for consideration. I suppose, if he had a large family, or had some special need for a large house, he would secure the benefit of this measure in that way. But that is not what we are asking for. We are asking for some recognition of the fact that it is now costing the Commissioner more to build houses than was anticipated when Parliament passed the Bill fixing the limit of advance at £700. This Bill contains no remedy for that.

Mr. AUSTIN CHAPMAN.—Then put a new clause in.

Mr. HECTOR LAMOND.—I anticipated that in this amending Bill we should not have all this verbiage as to the Commissioner being satisfied, and so on, but a clause striking out the amount of £700 in the original Act and substituting an amount of £800. That is what the soldiers thought would be done. I suppose my experience is the same as that of other honorable members. We all know of cases in which soldiers' dependants have

been waiting for the passage of this Bill in the belief that, by reason of its more liberal provisions, they would be able to get a house to suit their requirements. Instead of that, we now find that they will have to go to the Commissioner with some special claim, and advance some reasons why they should get a little more than the amount fixed in the original Act. That is not my view of the necessities of the case at all, and I should like to move an amendment which would give to every applicant for a house the right, on account of the extra cost of building, to obtain an advance up to £800 instead of £700. We are unable now to provide the kind of house we had in mind when we fixed the amount at £700, and it is clearly our duty to raise the sum to such a figure as will enable the Commissioner to provide for the soldier the house we had in view when the original Bill was passed.

Mr. RODGERS.—Suppose that material was reduced in value, would not the honorable member give the Commissioner discretion as to the standard of house?

Mr. HECTOR LAMOND.—The less the Commissioner has to do with deciding these individual cases, the better for himself, and for the returned soldier. If we are to set up a court of inquiry concerning the claims of various men to varying amounts, the Commissioner will have to increase his staff to deal with those applications.

Mr. AUSTIN CHAPMAN.—The honorable member forgets that the policy now is to govern by Commission.

Mr. HECTOR LAMOND.—I am not in favour of government by Commissions. I like to have a Minister whom one can approach, and with whom one can reason, rather than be compelled to communicate with a Commission from which adequate replies cannot be extracted. The attitude of the Government is not that there shall be an increase of £100 on amounts available for soldiers' homes, but that, in special cases, to be decided by the Commissioner, the Government may, of its grace, give an extra sum up to that total.

Mr. RODGERS.—The Government are trying in two ways to cope with the difficulty which the honorable member sees: First, by an increase of the amount by £100, and, secondly, by making special

arrangements to secure material at a cheaper rate than is ruling to-day.

Mr. HECTOR LAMOND.—That may or may not be so. I would have liked to hear the Minister argue the point, as he used to do, from the angle of a private member. I do not favour the provision as to the Commissioner having to be satisfied about special cases. I have not yet had time to consider an amendment; but I would like, at a later stage, to move for the deletion of all the restrictions mentioned in the proposed new section, and to make it read that the amount of £700, as set forth in the original Act, shall be increased to £800.

Mr. RODGERS.—Will the honorable member consider the effect which that might have upon contracts let to private individuals for the building of homes?

Mr. FENTON.—I suggest that the honorable member simply leave out the conditions mentioned in the proposed new section.

Mr. HECTOR LAMOND.—My object is to give authority to the Commissioner to advance up to £800 in exactly the same manner as the principal Act provides for his advancing up to £700.

Mr. McWILLIAMS (Franklin) [8.34].—The other day there was brought under my notice the case of a young man who had applied to purchase a place on the Brown's River-road, just outside of Hobart. His application was refused on what appeared to be an extraordinary decision, namely, that the property was outside the city boundary. If there is one thing we want to encourage returned soldiers to do, it is to keep outside city boundaries. I will lay the letter before the Minister to-morrow, and I am sure he will give it his attention; but it is remarkable that a man, desiring to purchase a property against which there is no other objection, should be prevented from so doing on the ground that it is outside a city area. I feel sure that such a decision does not represent the policy of the Department; and, that if it does, it is not representative of the policy of Parliament.

Mr. RODGERS.—There is no territorial limit in the Act.

Mr. McWILLIAMS.—I am glad of that interpretation by the Minister. I know that that was the interpretation of

the House, but I know full well, also, that this sterling young man's application was refused.

There has been much dissatisfaction concerning the preparation of soldiers' homes in Hobart. In that city, there has been stationed an officer connected with the Repatriation Department who has had under him, I understand, a very competent staff. These officials would prepare plans, which had to be submitted for approval, however, to the Commonwealth Bank. But the Commonwealth Bank also had a staff of draughtsmen, with the result that plans would sometimes be chopped about, and there would be differences of opinion and disputes between the two staffs. If that arrangement has not been altered, I hope it will be at once. Let either one or the other body run the whole concern; but I hope the Minister will put an end to the conflict between the two staffs.

Mr. RODGERS.—Construction work, in future, will be under the Commissioner, and will not be touched by the Bank, except in cases where the Bank is finishing up work already in hand.

Mr. McWILLIAMS.—I understand, then, that the sole function of the Bank will be that of financing.

Mr. RODGERS.—Except in cases of the Bank completing work already undertaken.

Mr. McWILLIAMS.—I am glad to hear that, because serious delays have occurred, which have been fruitful of disappointment.

Another case which has come under my notice has to do with a returned soldier who happened to be a carpenter, and a decidedly smart young builder. He prepared plans of a home which he was desirous of erecting for himself, and which he could have constructed for less than the amount indicated by the Department in respect of its plans. The returned man's plans were a decided improvement on the standardized sets, but, because his was not a standard plan, he was not given permission to build the house for himself, even although he was prepared to carry on under the supervision of the Commissioner's staff. He became so disgusted that eventually he borrowed money from friends and put up a house for himself. Incidents such as these reveal pinpricks

and the placing of unwarranted disabilities in the way of furnishing returned soldiers with homes. Where a returned man happens to be a builder or carpenter, surely it is better to let him do the work rather than that others should be put on to the job while he continues to draw his sustenance allowance. What is the use of that to him while he stands idly by, perhaps, watching the work of men who are not as competent as himself? The hard and fast standardization of plans may have its advantages, but in individual cases, such as I have mentioned, the Commissioner should be free to exercise his discretion.

Mr. RODGERS.—He may do so now.

Mr. McWILLIAMS.—Then I hope the Commissioner will receive a quiet hint from the Minister that, in such circumstances, the returned man shall be allowed some little say in the matter of building his own home, for which, after all, he must pay, and in which he will live.

Mr. FLEMING (Robertson) [8.41].—The case for returned men has been quite properly put by the honorable member for Fremantle (Mr. Burchell). It is possible that a man may, in all honesty, exceed the estimate by a small amount, and may find it impossible to furnish the difference in cash. There is no reason why the Department should not extend the payments over a longer period in order to cover the extra amount involved. Or, better still, the Department might arrange for increased payment of interest over the period now provided for to permit the extra money to be included in the general account. The statement of the Minister in connexion with the increase of the advance does not quite meet every case. Honorable members regarded the increase from £700 to £800, not in the light of its being conceded to exceptional cases, but of its being generally applied by way of meeting the added cost of building to-day. It takes at least £800 now to build as good a home as could have been reared for £700 when the principal measure was before Parliament. Returned men believe that the proposed increase of advance was intended to provide the same degree of comfort in the building of homes to-day as could have been secured when the ori-

ginal amount of £700 was decided upon. It is now desired, also, that in cases where the total of £800 may, by any mischance, have been exceeded by some small amount, the excess should be added to capital cost and provision made for payment of interest on the whole until the debt is cleared off. I would suggest to the Minister the wisdom of deleting the words—

if, in the opinion of the Commissioner, the circumstances of any case justify the excess, so that the proposed new section would read—

Notwithstanding anything contained in this Act, the total cost to the Commissioner of any dwelling-house erected by him, or the amount of any advance made, in pursuance of this Act, may exceed Seven hundred pounds, but shall not exceed Eight hundred pounds.

That would meet the increased cost of building. It would enable returned soldiers to secure the same degree of comfort in their homes as was originally intended for them when the amount of advance was £700.

Mr. CORSER (Wide Bay) [8.45].—I wish to bring a case before the Assistant Minister (Mr. Rodgers) and, if possible, to obtain an assurance from him that the returned soldier who is concerned in it will not be penalized. In August last this soldier submitted to the War Service Homes Department a property which he desired to purchase, and which was valued at £700. He paid the Department a guinea to obtain a valuation of it. After he had sent in his application he received a reply stating that his offer had been accepted conditionally upon the payment by him of £35, as the property had been valued at only £665. He was told that, if he paid the Department £35, the balance of £665 would be advanced to him. Upon the strength of that communication, he at once concluded the purchase of the property, and handed over the £35 to the vendor. Subsequently he received from a new Deputy Commissioner in Queensland a letter stating that his application had been turned down, and that the advance could not be made upon the ground that he was not in a position to undertake the purchase. This man in a letter to me points out that he is in permanent employment, and is in receipt of a wage of £4 per week. I brought the matter

before the War Service Homes Commissioner and asked him to wire the authorities in Queensland in regard to it, because the soldier in question has only till the 1st of next month to finalize his purchase, and, in default, he will be obliged to forfeit his £35. He further assures me that there are two persons who are willing to give £700 for the property. There must be something radically wrong in the Department when one Deputy Commissioner affirms in writing that the application of this man has been granted, whilst another says that it has been refused even after the arrangement for the purchase of the property had been concluded.

Mr. RICHARD FOSTER.—Had not the first Deputy Commissioner authority to act?

Mr. CORSER.—Most certainly. I ask that this returned soldier shall be recouped any loss which he may sustain in connexion with this transaction. To me it seems an exceedingly hard case.

Mr. BLUNDELL (Adelaide) [8.49].—I fail to see how the additional cost referred to in this clause is incurred. I presume that, if a soldier has a home built for him under the War Service Homes Act, a contract is made with the builder, and if the cost of the house exceeds £700 the onus of completing it is upon the contractor.

Mr. HECTOR LAMOND.—I do not think that the honorable member would get many builders to sign that sort of contract.

Mr. BLUNDELL.—In the case of every one of the soldiers' homes which have been built by the State Bank in South Australia, if the contractor could not complete his contract at the stipulated price, the responsibility was his.

Mr. BURCHELL.—There is no doubt that the Department is making the soldier responsible for the increased cost.

Mr. BLUNDELL.—If the Commonwealth builds homes for our soldiers, surely it does not undertake to build them without first fixing a price for their erection. In that case the War Service Homes Commissioner becomes a contractor. Let us assume that the departmental estimate for one of these homes is £720. The soldier for whom the home is being erected knows the cost of it, and, if

the departmental estimate be exceeded, it is manifestly unfair to ask him to pay the increased cost. If the Government are going to build these homes for our soldiers they must occupy a precisely similar position to that which is occupied by the outside contractor.

Mr. FLEMING.—Suppose that the War Service Homes Commissioner erects one of these soldier's homes for less than its estimated cost?

Mr. BLUNDELL.—Then the Department is entitled to the advantage. But it has no right to pass on to the soldier something that would not be passed on to him if a contract existed between an ordinary contractor and himself. The entire responsibility rests upon the Department. If a soldier's home exceeds the departmental estimate, who should pay the increased cost but the Department itself?

Mr. RILEY.—That means the country.

Mr. BLUNDELL.—Exactly. The Act is very explicit upon the matter. It shows that a contract is made with the individual soldier. Where, therefore, is there any warrant for the Department making the soldier pay any increased expenditure that may be incurred? If the Department sustains a loss the country must bear it, and not the individual soldier. I ask the Assistant Minister whether this matter is not worth looking into very closely indeed? If the Department is making a loss upon many of these homes either there must be something wrong with its own estimates or abnormal conditions must be operating. But certainly the soldier ought not to be penalized upon that account.

Mr. RODGERS.—The War Service Homes Commissioner occupies a different position from that which is occupied by an ordinary builder in that he seeks to make no profit out of his operations. He endeavours, upon expert advice, to estimate as accurately as possible the cost of these homes and, of course, there are certain standards within the Department itself. But only to-day statements have been made from every quarter of this Chamber showing how the cost of building materials has increased. If we once allow the maximum advance allowed by the Act to be exceeded we shall find ourselves in a difficulty.

Mr. BLUNDELL.—But if the Department takes up the position of an ordinary

contractor it should assume an ordinary contractor's responsibilities.

Sir JOSEPH COOK.—The ordinary contractor charges for "extras."

Mr. BLUNDELL.—If the Treasurer will take the trouble to go through the whole of the contracts let by the State Bank in South Australia, he will find that in no case has a soldier been charged for his home more than the amount for which the bank undertook to erect it.

Mr. RODGERS.—Has the South Australian State Bank built many houses upon the day labour system?

Mr. BLUNDELL.—No.

Mr. RODGERS.—That may be the explanation.

Mr. BLUNDELL.—It may be. But when the Government enter upon commercial enterprises is it not proper that they should carry out their contracts?

Mr. RILEY.—The Government are not doing that. They are not making any profit out of the erection of soldiers' homes.

Mr. BLUNDELL.—The Department is seeking to make a profit out of the soldier. This Parliament has instructed the War Service Homes Commissioner to build soldiers' homes at a maximum cost of £700 each. The Department is going beyond the expressed intention of this Parliament when it asks a soldier to pay £750 for a home which should have cost only £700.

Mr. CORSER.—Which would have cost that amount had it been erected under contract.

Mr. TUDOR.—Contractors have not been able to build these homes cheaper than has the War Service Homes Commissioner. I do not hold any brief for the latter, but I have seen work which he has undertaken at Bell, and I say that the homes erected by him are infinitely superior to those which have been erected by contractors.

Mr. BLUNDELL.—I quite agree with the honorable member. But if we are going to make a loss upon twenty or thirty of these homes is it right that our soldiers should bear it?

Mr. FENTON.—The Department should stand in the same position as does the contractor.

Mr. BLUNDELL.—The majority of soldiers' homes are erected for their estimated cost. Some of them are built for less than that estimate.

Mr. RODGERS.—And in the case of a building erected for less than the contract price, the soldier gets the benefit.

Mr. BLUNDELL.—Yes. Is it right that he should be called upon to pay for any loss incurred in the carrying out of a contract, either as the result of inefficiency or anything else? If so, we ought to say to the soldier, "Your home will cost £800, plus anything extra which cannot be foreseen."

Mr. RODGERS.—We say to the soldier, "We will build you a home at cost price, and upon the prices of material to-day, we estimate that its cost will be £700." But increases take place in the cost of materials, and the soldier gets his home at cost price.

Sir JOSEPH COOK.—Is the soldier compelled to take the home?

Mr. BLUNDELL.—But when he agrees to take it, he knows that he has to accept a house which will cost, say, £750. He knows what he will have to pay each week in order to liquidate his liability. After his home has been built, is it fair to say to him, "We told you that we would build you a home for £750, but we find that it has cost £800."

Mr. BURCHELL.—The soldier does not object to paying the £50 additional, but he does object to putting up that amount in cash at the time the home is completed.

Mr. BLUNDELL.—Are we honestly setting out to build homes for our returned soldiers for a certain price, and telling them that if the estimate is exceeded they need not take them?

Sir JOSEPH COOK.—How many cases of the kind are there?

Mr. BLUNDELL.—If there are only a few cases, is that not another reason why the Department, and not the men, should bear the additional responsibility?

Sir JOSEPH COOK.—No; I think it should be a matter of give and take.

Mr. BLUNDELL.—If the Treasurer (Sir Joseph Cook) accepted a tender for the building of a house for £900, and the contractor, on completing the work, demanded £950, I venture to say that the right honorable gentleman would argue the point with him.

Sir JOSEPH COOK.—I should, but if I had the cash I would not grumble about paying the extra £50, provided the contractor could convince me that I was receiving value for my money.

Mr. BLUNDELL.—But he would not convince the right honorable member.

There is no attempt to convince the returned soldier upon whom a demand is made for an amount in excess of the estimated cost. The Department says to him, "Here is your house. If you do not pay this additional amount in cash you cannot have it." I favour the day-labour system, but if in the building of war service homes by day labour the Department is going to continue to exceed the estimated cost, it would be better to put the responsibility upon a contractor, and not to ask returned soldiers to accept the statement of the Department that it will build a home for them for £700 when it is going to charge them £730 for it.

Sir ROBERT BEST (Kooyong) [9.3].—The scheme of the principal Act, as I understand it, is that the Department will take the responsibility of building a house for a returned soldier at actual cost price. The soldier is to be free from the payment of architect's fees, and is not to be liable for the payment of a builder's percentage on the cost of the material. The agent for the building of the house is provided by the Government, and the sole charge against the soldier is the actual cost of labour and material. The Act provides that a sum not exceeding £700 shall be spent in the erection of a war service home. The Commissioner accordingly enters into an arrangement with a returned soldier to erect a house for him at actual cost price. That cost may be a little more or a little less than £700. The soldier has the benefit of an expert estimate as to what the cost will be, but, having regard to the way in which prices of material fluctuate, it is quite impossible at the present time to prepare an estimate with absolute accuracy. In these circumstances the Government, desiring to be perfectly fair to our returned soldiers, say, "You will not be charged any more than the actual cost price." That being the scheme of the Act, I would urge honorable members not to add to it. It would be manifestly unjust to bind the Commissioner to the estimate given. It would be unjust, also, to the returned soldiers. If any such condition were imposed, the Commissioner would take care to over-estimate, rather than underestimate, the cost, and the returned soldier would be committed to that excess estimate.

Mr. ATKINSON.—The Commissioner would allow himself plenty of margin.

Sir ROBERT BEST.—Undoubtedly. It would, therefore, be unfair to ask a returned soldier to enter into such a contract. The whole conception of the Act is in the interests of the soldiers alone. The Government are perfectly fair in the matter. A great many homes have been built, and well built, to the satisfaction of all concerned, on the basis of a cost of £700. Some of my honorable friends seem to have the idea that this standard price of £700 is to be increased to £800. That, however, would be unfair to those for whom homes have already been built, since the basis of the principal Act was the erection of homes at a standard cost of £700. The Government say that in some cases the cost is a little more, and in the circumstances they very properly propose in this Bill to provide for a margin of £100 to cover all contingencies. It is not contemplated, however, that the standard is to be altered, and that an £800 house is to be substituted for a £700 one. If that were done, these homes would probably cost nearer £900 than £800. The present trouble would thus be repeated, since every estimate would be based on the standard of an £800 house.

I therefore submit that, in the light of their experience, the Government are taking up a very fair attitude. They want to continue to build the £700 standard type of house. The cases that have been mentioned by the honorable member for Fremantle (Mr. Burchell) and the honorable member for Illawarra (Mr. Hector Lamond) are amply provided for in the proposal now before the Committee. To alter the principle of the Act in the way suggested by the honorable member for Adelaide (Mr. Blundell) would be a serious mistake, and would not be in the interests of the returned soldiers themselves. By our action in increasing the maximum advance from £700 to £800, the Department will be given a margin of £100 to meet contingencies, and in that way will be able to do justice to all concerned.

Dr. MALONEY (Melbourne) [9.9].—I am pleased to observe the enthusiasm with which this question is being discussed. Judging by the speeches that have been delivered from both sides of the Committee, our returned men are going to have a fair deal. While I regret the system under which these War

Service Homes are being built, I must compliment our returned men on the fact that they are to have a fair chance to obtain houses for themselves. Where the estimate of £700 is exceeded, however, I think it is unfair to require the man for whom the home is built to pay the excess in cash. That, I am sure, is not the desire of the Committee. The repayment of the additional cost should be spread over a period of years.

Mr. BURCHELL.—The men do not object to paying the additional amount. What they object to is the rule of the Department, under which the amount by which the estimate has been exceeded must be paid in cash.

Dr. MALONEY.—Quite so. Many men will face a liability of £100 where the payment is spread over a period of years, whereas they would not think of incurring such a liability if it had to be satisfied forthwith.

Unfortunately, there is too much red tape associated with all our Departments. In the United States of America a field marshal receives the same pension as a private. Here, as in the old country, the lower the rank of a pensioner the less he receives. I hope that the Government will go a little further than they have done in connexion with this scheme, and will establish a Commonwealth Insurance Department, or else make use of the State Insurance Departments of Queensland and Victoria. Unfortunately, the insurance companies, with the great power of their money, have not given the Victorian State Insurance Department a fair chance; but, as the result of its creation, premiums have been very considerably reduced. The United States of America insured every soldier, without medical examination, who had been accepted for service. Under their system a soldier could insure his life up to £2,000 for a premium of £15. Such a policy would have cost an Australian soldier £150 per annum. I want the Government to establish a system of Commonwealth insurance, and to insure every one of these War Service Homes against fire. In that way, those of our returned men, for whom homes were built, would be saved a vast amount of money. The Victorian State Government used to collect from the State railway employees the premiums due by them to insurance companies. In that

way the companies, over a period of years, received by way of premiums £250,000, and paid out only £37,000. The Repatriation Department will have to collect the instalments payable from time to time in respect of the purchase money for these homes, and could at the same time collect the fire insurance premiums, so that the cost of the insurance scheme would be reduced to a minimum. It would thus be possible to insure at rates far below those charged by the insurance companies. I invite honorable members to read the splendid speech delivered by my honorable friend (Mr. Tudor), as reported in *Hansard*, page 4687. It is a compendium of information on this very question of insurance.

The honorable member showed the following startling facts:—In Brisbane, where the premium on a wooden building was formerly £5 2s. 1d., the rate fell to £3 8s. when the Government insurance scheme was initiated. The premium on a brick building fell from £3 15s. to £2 10s. At Toowoomba the premium on a wooden building fell from £3 12s. to £2 8s., and a brick building from 5s. to 4s. At Warwick the premium on a wooden building fell from £1 2s. 3d. to 14s. 10d.; and in the Darling Downs district the premium on a wooden building fell from £4 7s. to £2 12s. 2d. For the first time in the history of insurance, the State Insurance Department in Victoria has actually returned the whole of the premiums paid by insurers for whom the necessity to insure has not arisen; that is to say, a refund has been made to persons who did not employ the number of workers covered by the premiums paid. Although my voice might be like that of the solitary pelican crying in the wilderness, I could offer a suggestion as to how these soldiers' houses could be built at an infinitely less cost, and by which they would ultimately become a most excellent rent-producing asset for the Commonwealth that would continue for ever and ever. I hope honorable members will forgive me for my reiteration of this argument, but after thirty-one years' close study of the question, I am certain that it is the only way in which the country can clear itself of the avalanche of debt that is, unfortunately, lying on it to-day. I would like to see the Government issue War Service Homes currency notes as the buildings progress, all

rents payable for the soldier occupiers, which would be much less than the payments provided for in this Act, being earmarked and paid into a fund, and on a certain day in each year, when that fund has risen to a specified amount, so many of these currency notes being burnt.

The CHAIRMAN (Hon. J. M. Chanter).—The honorable member is not in order in dealing with that question on this clause.

Dr. MALONEY.—My purpose is to show the Government how they can save the extra £100 in the building of these homes. Perhaps another opportunity will be afforded me of doing so. Under no circumstances should our soldiers be sacrificed. Of the available manhood of Australia, 70 per cent. offered their services in the war; 43 per cent. were accepted, and 33½ per cent. left our shores; but we have not yet touched one penny of the last shilling. We are informed by the Commonwealth Statistician that the wealth of Australia prior to the war was £1,200,000,000, and that, during the war, it increased by £400,000,000, sufficient in itself to pay the whole of our war debt, and affording a great reserve upon which the Government can draw when the time comes to do so. I object to saddling the interest upon our war debt upon our children's shoulders. The Treasurer once said that he could readily see how Canberra could be built at no ultimate cost to the country. Surely he can see that the same can be done with regard to these soldiers' homes. The Commissioner, with or without control, and if he is the right man in the right place, will no doubt see that these soldiers' homes will not be a loss to the community, but ultimately an asset.

Sir JOSEPH COOK (Parramatta—Treasurer) [9.22].—This is one of those cases in which the trouble is not all on one side. I heard for the first time to-night with, I confess, some surprise that the Commissioner was compelling soldiers to pay in cash the difference between the actual cost of a house and the amount contracted for, and that seems to me to be a hardship, seeing that the soldier may not have the cash to put down at the time. If he is a married man, in all probability he will not have it, and if he is about to get married, he will want a little ready money with which to furnish his home. But when I inquire into this matter from the officer of the Department

in attendance here I find that it is not all on one side, and when I ask, "Why does not the Commissioner cover himself in his estimate, and, if he has an £800 house to build, allow sufficient margin to provide for the incidents that occur in the building trade, such as increases in the cost of material?"—

Mr. CHARLTON.—Even then he could not be certain, because the cost of building material may increase in a very short time.

Sir JOSEPH COOK.—He could not be certain, but every contractor takes care to have a margin to meet such contingencies. I am met with the reply that the soldier will not permit of any margin being allowed by the Commissioner. The soldier says, "I am entitled to an advance of £700, and I want every penny of it spent on my house." That is one of the causes of the trouble. So that it is not all on one side. The soldier, rightly, is just as rigid as he finds the Commissioner. I venture to say that the honorable member who has told us what can be done in South Australia would not care to undertake regular contracting under a system which compelled him to build right to the penny of his contract price on every occasion. There is hardly a house built on which extras have not to be provided for, and which are mutually arranged and paid for. But it appears that none of the ordinary methods attached to private building can be allowed for in the building of these War Service Homes. The soldier asks for his £700 advance to the penny, and the Commissioner says that he will do his best to put up a house to the penny.

Mr. HECTOR LAMOND.—The soldier does that because the Commissioner cannot build a suitable house for him at under £700.

Sir JOSEPH COOK.—Yes, because the Act allows him to go to that extent.

Mr. HECTOR LAMOND.—I shall present a different view on that point.

Sir JOSEPH COOK.—The honorable member may do so, but if the advance is made £800 the soldier will still want every penny of it spent on his house. I do not blame him, but, on the other hand, he should not turn round and blame the Commissioner if, through circumstances over which he has no control, prices mount a little higher, and

he is compelled to say, "This is what the house honestly cost; there is value in it, and there is not a penny profit in any shape or form." It is fair that if it costs a little more the extra should be paid for by the soldier; but I agree that the demand for a cash payment on the spot is a hardship.

Mr. RICHARD FOSTER.—With the new margin to be allowed, why not tack it on to the principal?

Mr. RILEY.—Will the Treasurer guarantee that a regulation will be brought in by the Department?

Sir JOSEPH COOK.—There must be a limit somewhere, and the same trouble will occur with regard to the higher amount.

Mr. BURCHELL.—But if the Treasurer will agree to cover the matter by regulation or administration it is all that honorable members require.

Sir JOSEPH COOK.—If honorable members will permit the matter to go the Minister and I will undertake to have the matter rectified, so that soldiers will not be called upon to pay spot cash for these extras.

Mr. CUNNINGHAM.—If a man has an allowance of £700 and the house costs £750, will the margin now provided in the Bill cover the extra cost?

Sir JOSEPH COOK.—The margin in the Bill will cover it. I think I can promise that these cash payments will not be enforced. We may have to add it to the total amount in the usual way, but I believe we can arrange it by administration without altering the Act. In these circumstances, I appeal to the Committee to make progress with the Bill.

Mr. HECTOR LAMOND (Illawarra) [9.30].—I move—

That the words "if, in the opinion of the Commissioner, the circumstances of any case justify the excess," lines 7-10, be left out.

Mr. FLEMING.—That is the suggestion I have already made, and the Treasurer has agreed to it.

Mr. HECTOR LAMOND.—I think the honorable member misunderstood the Treasurer (Sir Joseph Cook), who, I take it, agreed to meet the case put by the honorable member for Fremantle (Mr. Burchell), that if the Commissioner's estimate of £700 was exceeded the excess might be made part of the debt payable by instalments instead of cash. I would be delighted to

hear that the Treasurer has agreed to my proposal, which is that the amount of £700 available under the old Act be increased to £800 in all cases. That has nothing to do with the question which the honorable member for Fremantle introduced, and which was not really relevant to the clause. I do not say that an actual promise has been made, but there is a widespread impression amongst the soldiers, which has not been discouraged by the Minister, that a Bill would be introduced which would make available £100 more in each case for the purpose of building soldiers' homes. The Treasurer says the soldier insists on getting a £700 house. Let me direct his attention to what has happened in my own electorate. The honorable member for Adelaide (Mr. Blundell) spoke of what is done in South Australia. It may be that for £700 a very fine house can be erected in South Australia, Western Australia, or Queensland, but so difficult is it to erect houses near the metropolitan area of Sydney for £700 that the Commissioner has been up against the municipal by-laws, which fix a minimum of air space for houses erected even in industrial centres. What is happening in the centres where house building is expensive is that we are providing homes, the rooms of which are smaller than the average in the localities in which they are built. In order to squeeze the estimate within the £700, we are building homes that the soldiers are very reluctant to buy. There has been a demand that a greater sum should be made available in order that homes more in accordance with modern ideas of decent housing accommodation should be provided. I have had scores of letters asking when the £800 will be available, and the impression exists throughout New South Wales that the Minister has promised that a Bill will be introduced to raise the amount from £700 to £800. I am sure that if the statement made by the Minister a few moments ago, that the proposal in the Bill is only intended to meet the case put by the honorable member for Fremantle, represents what the Bill really means, it is not what the soldier expects and not what he is entitled to, in view of the increased cost of building soldiers' homes. The honorable member for Kooyong (Sir Robert Best) said that we built a house for £700 three years ago and that we ought to go

on building houses for £700 all the way through, even though the cost of building them may have doubled or trebled. That argument is too absurd to be presented to the Committee. What we are trying to do for the soldier is not to build a house for a certain sum, but to give him a home embodying a certain degree of comfort and usefulness for his use and occupation. If it is found that the house which cost £700 three years ago to-day costs £800, our duty is to see that the soldier gets the right kind of house, and not that the design is cut down by £100 because material has gone up £100. I move the amendment to ascertain whether the Committee are going to adhere to the £700 maximum of the Act, with the suggestion that the Treasurer has accepted, or whether they intend to keep faith with the soldier and give him as good a house as could be built for £700 when the Act was passed, but which in my judgment, will now easily cost £800. I wish to omit the words which impose on the Commissioner the necessity of seeing that special circumstances justify his action, in order that the Committee may direct the Minister that the £800 maximum shall be substituted for the £700 one.

Mr. RODGERS (Wannon — Assistant Minister for Repatriation) [9.35].—I would press the honorable member for Illawarra (Mr. Hector Lamond) not to persevere with his amendment. Parliament previously deliberately determined, when conditions were more normal, that standard houses of £700 each should be provided for the soldiers.

Mr. HECTOR LAMOND.—It is the soldiers' money. You are not providing it.

Mr. RODGERS.—I said "provided for the soldiers." In the meantime, abnormal conditions press on us, and we find that to-day it is not possible to give for £700 a standard house of as good a value as when we started. The Commissioner, having calculated the increased cost of to-day, has asked the Government to place at his disposal another £100 per house, as a margin to cover it.

Mr. HECTOR LAMOND.—That is not what you said a few minutes ago.

Mr. RODGERS.—Let me point out to the honorable member that this Bill will govern the whole of the war service

homes operations for years to come. Conditions may alter in the other direction; but we shall have established an £800 standard practically for all time, if his amendment is carried. I will give the honorable member this undertaking, on the strength of which I ask him not to persevere with his amendment, that, while these abnormal conditions prevail, we will not regard the application of any soldier under these conditions as being a special case requiring special investigation.

Mr. HECTOR LAMOND.—The difficulty is that you are not the person who will interpret the Act. I have been caught in that way in the matter of tubercular soldiers. The Minister told me that so-and-so would be done; but the Commissioner said it was not the law, and he would not do it.

Mr. RODGERS.—The Commissioner comes to his Minister and says, "I am unable to-day to build a house on the standard we approved of for £700, and I ask you to extend my limit by £100." If the honorable member succeeds in carrying his amendment, even then the matter will rest practically at the discretion of the Commissioner. The inclusion of the words which the honorable member wishes to omit is intended to indicate that abnormal conditions, requiring special provision, exist. I ask the honorable member to accept my assurance that, while abnormal conditions prevail, the Commissioner asks for this provision to meet them. Surely if the Minister, in association with his Commissioner, gives an assurance that in considering what are special circumstances, he will be guided not by the circumstances of individual cases, but by the abnormal conditions that prevail, the honorable member will accept it?

Mr. HECTOR LAMOND.—The Act says that the Commissioner must consider the circumstances of individual cases. Every case has to be inquired into, and special circumstances shown.

Mr. RODGERS.—It does not mean exactly "inquired into." The Commissioner may say, "The conditions to-day are abnormal, and we shall so administer the Act as to give the right to an £800 standard while those abnormal conditions prevail." The honorable member for

Robertson (Mr. Fleming) first raised this question, and I endeavoured to tell the Committee that the Commissioner is himself specially striving to meet these abnormal conditions by obtaining an increased advance of £100, which covers all houses in course of construction. We have, therefore, only to deal with the future. The Commissioner has also striven to meet the abnormal conditions by acquiring material at specially favorable rates. I dealt this afternoon with one of his undertakings, involving the purchase of Victorian timber, by which he estimates to save £150,000 on that one transaction.

Mr. RILEY (South Sydney) [9.40].—Personally, I think the soldier has been very well treated. We buy bricks, timber, iron, glass, and paint in large quantities, and the soldier gets the advantage of all this wholesale buying; yet, because in some cases he is called on to pay £10 or £20 more than £700 for his home, all this storm is raised in Parliament.

Sir JOSEPH COOK.—It seems to me that the Commissioner can protect himself in any of these cases, and the danger is that he will do it at the expense of the soldier.

Mr. RILEY.—Friends in the building trade tell me that it is impossible to tender and come out correctly on account of prices going up and down. An increase of 10s. per door took place in New South Wales only about a fortnight ago. How can any man tender to build cottages unless he knows how the market will go?

Mr. RODGERS.—An award may also be given increasing the cost of labour.

Mr. RILEY.—That is so, and we cannot pin the Commissioner down to the exact £700. No man in the building trade can be expected even to tender for the work. He would rather do it on commission. Some builders have gone bankrupt because they could not complete their buildings. They cannot rely on bricks remaining at a certain price for a month. Every month those who control these materials meet and put up the price of bricks or timber. If the amendment of the honorable member for Hunter (Mr. Charlton) had been accepted, and the Department could have controlled its own staff, it would have known exactly what everything was going to cost. If they had a guarantee that bricks or timber would not rise for six

months, builders could tender correctly; but they cannot do so now. Of course, there is no guarantee that wages in the brick trade will not rise for six months. It is, therefore, absurd to ask the Commissioner to confine himself to a limit of £700. The soldier who gets a home for £720 or £730 is on a very good wicket. A good many are selling their houses at a profit of over £100, and people are glad to get them. I hope the Commissioner will have the power to keep on without increasing the amount.

Amendment negatived.

Clause agreed to.

Clauses 11 to 14 agreed to.

Mr. RODGERS (Wannon—Assistant Minister for Repatriation) [9.46].—I move—

That the following new clause be inserted:—

"15. Section 39 of the principal Act is amended by adding at the end of sub-section (2) thereof the following proviso:—Provided that the Treasurer may at any time direct that the whole or part of any moneys which by paragraph (c) of this sub-section are directed to be credited to that Trust Account shall be paid to the Treasurer for credit to the Loans Sinking Fund, and any moneys so paid to the Treasurer shall be credited to that fund."

The effect of the new clause is that all repayments of instalments under the Bill will automatically come under the control of the Treasurer. The clause explains itself, and it is unnecessary to further take up the time of the Committee.

Sir JOSEPH COOK (Parramatta—Treasurer) [9.47].—I should like to explain why I have asked the Minister in charge of the Bill (Mr. Rodgers) to insert this clause. At present there is rather a loose control in connexion with the repayments of these moneys, and the clause is intended to bring them to account in the Treasury. There can be no adequate control over this finance unless every penny does come into the Treasury and is accounted for there. I am not saying that the money should not be used over again in the Trust Fund, but that at least should be left to the discretion of the Treasurer, who has to provide the funds. This is a proper precaution which gives the Treasurer a better grip of finance in connexion with the War Service Homes proposals.

Mr. HECTOR LAMOND (Illawarra) [9.50].—I am not even yet quite clear as to the intention of this clause. It is proposed that this money shall go into the general revenue of the Commonwealth?

Sir JOSEPH COOK.—No.

Mr. HECTOR LAMOND.—The Treasurer seems to anticipate circumstances in which this money may not be used in the construction of war homes. I wish to know whether it is intended to use the money for purposes other than for the extinction of the debt, or to build up other homes.

Sir JOSEPH COOK (Parramatta—Treasurer) [9.51].—If the money is not used to build up other war homes it will be applied in liquidation of the debt. That is what I wish power to do if necessary.

Mr. HECTOR LAMOND.—It is not to be treated for other purposes, as the Post Office revenue is?

Sir JOSEPH COOK.—I wish the repayments to go towards the cancellation of the debt incurred in building the homes, and it is a sound principle of finance to give the Treasurer the needed control.

Proposed new clause agreed to.

Mr. GREGORY (Dampier) [9.52].—I move that the following new clause be inserted—

"16.—(1.) The Commissioner shall as soon as possible after the close of the financial year submit to the Minister an annual report, showing, for each State, the number of applications received and dealt with, homes erected and average costs, a *résumé* of operations, and a balance-sheet showing cash and stocks on hand, and an account of moneys received and expended during that year. Also a balance-sheet showing trading operations in connexion with timber mills, giving superficial feet of pine and hardwood cut, cost of same delivered on rails, such costs to include interest, depreciation and overhead charges, prices of same charged to soldiers' homes, and a profit and loss account of each timber mill.

"(2.) The annual report shall be laid before both Houses of Parliament within fourteen days after its receipt by the Minister if the Parliament is then sitting, or if the Parliament is not then sitting, within fourteen days after the next meeting of Parliament."

Probably it is an error in drafting that no provision has been made for an annual report by the Commissioner to Parliament, but it is an error that ought to be

rectified at once. No doubt the Commissioner would in any case have sent in a report through his Minister, but I provide in this clause that the report shall be presented as soon as possible after the close of the financial year. When we were discussing repatriation the question of the Commissioner or the Government entering trading operations of this kind arose, and both those opposed to such undertakings, and those in favour of them, agreed that the more light there is thrown on their operation, the better for all concerned. If it can be proved that the Commissioner can carry out works of this kind with success the fact will support the advocacy of those who favour the principle, whereas if he is not successful, then no doubt demands will be made for better management or administration. There is a similar provision in the Commonwealth Railway Act, section 41, in the following terms:—

The Commissioner shall as soon as possible after the close of each financial year submit to the Minister an annual report and balance-sheet showing stocks on hand, depreciation of property, proceedings, and an account of all moneys received and expended during that year.

Sub-clause 2 of the clause is precisely similar to sub-section 2 of the section.

Sir JOSEPH COOK. — If the honorable member's proposed new clause were to stop at the word "year" it would cover all the ground.

Mr. GREGORY. — We shall never get all the particulars unless we specifically ask for them. If honorable members do not approve of the clause, it can only be because they do not wish the information to be made available to honorable members.

Mr. RODGERS. — Remember we shall get some of our supplies from our own mills, and others from the general trading community, and the honorable member's proposal would disclose our cost price when those with whom we are dealing disclose nothing to us.

Mr. GREGORY. — Then all the stronger the argument, particularly in the case of those who believe in these trading operations; they will be able to point out how the Commissioner is able to obtain supplies at less cost. I see no reason why honorable members should object to the proposed clause. We are spending

half-a-million of money on the purchase of timber mills and areas, and we know that each year a certain amount of timber will be cut, and we should know, year by year, how we stand financially in this regard.

Mr. RODGERS. — There is no objection to giving general results. The only point is that under the honorable member's proposal we shall "put all our cards on the table" before our trading competitors, so to speak.

Mr. GREGORY. — As to that, we saw in this morning's newspapers a statement from the Commissioner showing at what price he is able to supply timber.

Mr. RODGERS. — But the honorable member proposes to disclose the quantities on hand, and all that sort of thing.

Mr. TUDOR. — And if a shortage is shown the Combine will "whip" up prices.

Mr. GREGORY. — In connexion with all these Government trading concerns there ought to be an annual balance-sheet as in the case of an ordinary trading corporation. If they are a failure, the sooner we know the fact the better.

Mr. TUDOR (Yarra) [9.59]. — Members ought to be informed what every trading Department of the Government is doing. This Department would be the purchaser of all kinds of materials, and as the tendency of the age is to concentrate businesses into the hands of a few, we may expect to see the cement industry controlled by four or five companies before long. It is well known that when the war broke out there were certain commodities in this country consigned from enemy countries and owned by enemy subjects. Amongst those commodities was a quantity of cement, and people here who required cement made up their minds that at the sale of it they would bid under the market price. Had it not been that the Government itself required cement for certain works, and bought it at a fair valuation, these people would have got it at a cheap rate. No Department should be placed at a disability as compared with private firms. I wish this clause to embrace all Government industrial activities, such as the brickworks, which I hope to see started for the supply of millions of bricks for the war service homes; and to

that end it would be far better, as the Treasurer (Sir Joseph Cook) has suggested, to strike out all the words after the word "year." I believe that the honorable member is opposed to the action of the people who have inflated prices to the disadvantage of the returned soldiers. I should be prepared to support the proposed new clause if the honorable member did not ask for information upon so many minute details.

Mr. McWILLIAMS (Franklin) [10.1].

—I support the new clause as proposed. We have complained, over and over again, that reports presented concerning the operation of some State enterprises have not supplied the information which we think we are entitled to receive. As for information with respect to stocks in hand, I point out to honorable members that we provide for exactly the same information under our Commonwealth Railways Act. Under that measure the Railways Commissioner is required, as soon as possible after the close of each financial year, to submit to the Minister an annual report and balance-sheet showing stocks in hand.

Mr. TUDOR.—The Railways Department does not compete with outside firms.

Mr. McWILLIAMS.—The Railways Department has to buy supplies of rolling stock, rails, and so on, and yet, under the Railways Act, the Commissioner is compelled to publish to the world the stocks he has on hand. I have always thought that there is a great deal of camouflage about the operation of these State enterprises. We do not really know what is being done, and we ought to know all that is being done.

Sir JOSEPH COOK.—There is only one railway, and there are hundreds of saw-mills.

Mr. TUDOR.—The Railway Commissioner's only competitors are the Commissioners of the State railways.

Mr. McWILLIAMS.—Not for stocks. My point is that the Railways Commissioner is obliged to publish to the world his stocks on hand of trucks, rails, and railway supplies generally.

Mr. RICHARD FOSTER.—He has to publish the total values.

Mr. McWILLIAMS.—Those totals will show exactly what stocks he has on hand.

Once more I have to complain about the way in which Bills are presented to this House. It is not at all creditable to the Attorney-General's Department that a measure should be presented to the House in such a way that it is left to a private member to discover that there is no provision in it for the publication of an annual report of the operations of such a Department as the War Service Homes Department. That is due to the slovenly way in which practically all Bills are presented to this House. I hope that the new clause will be carried. If there is one thing upon which there is an honest difference of opinion in this House it is the utility, or otherwise, of these State enterprises. There are honorable members who earnestly believe that the State should embark on these enterprises, and there are others who just as honestly believe that experience up to the present has shown that State enterprises are not successful in some directions. There are State saw-mills in Western Australia and in Queensland, and their operation has been such that the Auditors-General in those States have had to complain pretty severely that details and working accounts of those enterprises have not been presented to Parliament. We want to avoid that kind of thing. I personally very much desire to know whether State enterprises upon which we embark are successful or not. As the Bill was introduced it was unnecessary for the War Service Homes Commissioner to present any report at all concerning the work of his Department. I think that the thanks of the Committee are due to the honorable member for Dampier (Mr. Gregory) for submitting this clause. In my view, there is nothing in the fear expressed that, if the particulars for which the honorable member asks are given, we shall show our hand to private competitors in similar lines of business. Is it intended that the saw-mills controlled by this Department shall be run as ordinary trading concerns, or are their operations to be confined to cutting timber for houses for returned soldiers? If we were about to enter into open competition with private saw-mills, there might be something in the objections which have been urged against the clause. But the whole of the statements made in connexion with the purchase of saw-milling plant by this Department

have been to the effect that there has been a Combine which raised the price of timber unduly, and the Government have, in consequence, been forced to purchase certain saw-mills to cut timber for their own purposes. If that is really the reason why saw-mills have been purchased, I cannot see the slightest objection to the publication of the fullest details of their operation. It would be very much better for this House, the Minister for Repatriation, and the War Service Homes Commissioner that the whole of the details should be presented in a report to Parliament in the same way as private trading concerns, whatever they may do publicly, present a report covering such details to their shareholders.

MR. TUDOR.—We do not give such information concerning the operations of the Commonwealth Woollen and Clothing Factories.

SIR JOSEPH COOK.—Or concerning the railways, either.

MR. McWILLIAMS.—I hope that, before long, Parliament will insist upon being supplied with more information in connexion with some of the enterprises which have been referred to than we have been given up to the present time.

MR. TUDOR.—I am positive that if it were not for the Commonwealth Clothing Factory, the uniforms of our soldiers would have cost nearly double what they have cost.

MR. McWILLIAMS.—Then where is the objection to giving us detailed information of the operations of the Factory?

SIR JOSEPH COOK.—The House is entitled to reasonable information, but it seems to me that the honorable member for Dampier asks for too much detailed information.

MR. McWILLIAMS.—I ask the Treasurer what is the objection to giving these details? The objection raised by the Leader of the Opposition (Mr. Tudor) that we might, in this way, inform private saw-mill proprietors of the stocks we have in hand does not appeal to me. I wish to know what would be the result of this enterprise. I have seen the results of similar State enterprises in Queensland and Western Australia, and they have not been satisfactory. I think it will be

found that in both States the prices at which the State saw-mills were cutting timber for the Commonwealth were quite as high as those charged by any privately-owned saw-mills.

MR. TUDOR.—The operation of State insurance in Queensland has had the effect of reducing ordinary premiums by one-half.

MR. McWILLIAMS.—I am dealing with saw-mills, and I have seen the operations of some of the State saw-mills. The system in operation in them would not be tolerated for twenty-four hours in any decently conducted private enterprise. As a matter of fact, no private enterprise could conduct its operations in any such way. This House has a right to insist upon the fullest information on all these matters, and I therefore hope that the clause will be passed as it stands.

SIR JOSEPH COOK (Parramatta—Treasurer) [10.9].—The honorable member who has submitted this clause has often complained of the lack of information supplied concerning the working of Government Departments, but in this new clause it appears to me that he goes to the other extreme. The honorable member for Franklin (Mr. McWilliams) was not quite ingenious in dealing with this matter. He led us to believe that he is only asking in this clause for what is already provided for under the Commonwealth Railways Act.

MR. McWILLIAMS.—So far as stocks are concerned.

SIR JOSEPH COOK.—The two things are as different as possible. Might I ask the honorable member whether he would be satisfied if that was provided for under the Railways Act?

MR. McWILLIAMS.—No; they are two entirely different propositions.

SIR JOSEPH COOK.—There is no reason why the same business methods should not be applied to both. All these details will be very difficult and costly to get.

MR. ROBERT COOK.—They will be worth while.

SIR JOSEPH COOK.—They may or may not. Every definition is a limitation, and when honorable members tie themselves up to prescribed details, they thereby exclude all others, which may

include some which they desire to know. This is what the Commonwealth Railways Act provides—

The Commissioner shall, as soon as possible after the close of each financial year, submit to the Minister an annual report and balance-sheet, showing stocks on hand, depreciation of property, proceedings, and an account of all moneys received and expended during that year.

That covers all that is necessary.

Mr. McWILLIAMS.—What is the objection to giving the other details?

Sir JOSEPH COOK.—The amendment asks for the same information two or three times over. It says—

The Commissioner shall, as soon as possible after the close of the financial year, submit to the Minister an annual report showing for each State the number of applications received and dealt with, homes erected, and average costs, a *résumé* of operations—

If that *résumé* of operations will not cover the whole field, I do not know what will. That, surely, will include War Service Homes, timber mills, and every other branch. The amendment also asks for—

a balance-sheet showing cash and stocks on hand, and an account of all moneys received and expended during that year.

It goes on to ask for what I take to be a third balance-sheet, showing trading operations in connexion with timber mills. The Repatriation Act includes this section—

The Commission shall furnish to the Minister annually, for presentation to the Parliament, a report of the administration and operation of this Act.

That covers everything. I suggest that the honorable member for Dampier (Mr. Gregory) should be content to terminate the first paragraph of the amendment at the words "showing trading operations in connexion with timber mills."

Mr. GREGORY.—I have been advised that the Government twelve months ago paid £85,400 for five mills in Victoria. If that sort of thing is to go on—

Sir JOSEPH COOK.—Every Government spends money in that way.

Mr. GREGORY.—Well, we shall try to stop you.

Sir JOSEPH COOK.—Stop us by all means. If the honorable member goes on as he proposes, he will stop the operations of the Departments entirely.

Mr. GIBSON.—Why keep these transactions secret? No member of the House knew of the purchase in Victoria.

Sir JOSEPH COOK.—I fancy honorable members did know of it.

Mr. RICHARD FOSTER.—No. We have had a complete revelation this week. We ought to have known about this before.

Sir JOSEPH COOK.—I think that honorable members should know. I may inform the Committee that I have never given the Commissioner a shilling for anything the application for which has not had the Minister's imprimatur upon it.

Mr. GIBSON.—It is the secrecy of the whole business of which we complain.

Sir JOSEPH COOK.—I think honorable members are stressing this matter unduly. There are many operations in connexion with every Government Department that go on in this way, but because one transaction has been dragged into the daylight, and looks large—and I think it is a pity that Parliament was not consulted in regard to it, if that could have been done—do not imagine that every other little transaction should be dragged before the House. If all transactions were referred to the House, honorable members could do nothing with them. Hundreds of thousands of these operations are carried on by the Government during the year, and no matter what the House may do, it can never control the details of these departmental transactions. That must be recognised by every honorable member who has had administrative experience. May I recall honorable members to a middle, moderate, and sweetly reasonable course? I dislike extremism on either side; and I desire to bring the extremist chairman of the Public Works Committee (Mr. Gregory) back to a sane, moderate course.

Mr. McWILLIAMS.—Does not the Treasurer think that when the House was discussing the Queensland deal, some information should have been given by the Government in regard to the purchases in Victoria?

Sir JOSEPH COOK.—I assure the honorable member that we are restraining the Commissioner in every reasonable way. I quite agree that the utmost publicity should be given to all the operations of this Department; but there is no need for the House to require a statement of every detailed transaction that the Department does from

year's end to year's end. Honorable members should be reasonable. There is no trouble in the Repatriation Department or the Commonwealth Railways branch. The Commissioner of Railways makes an annual report, setting forth all the operations of the Department, and that is laid upon the table. The amendment asks that the Minister and the Commissioner shall give this detail and that detail, and dot this "i" and cross this "t." That is going to extremes. I move—

That all the words after "mills," in paragraph (1), be left out.

The amendment will still provide for two balance-sheets, and that should be enough for anybody. The balance-sheets will include a *résumé* of the operations for the year, and will show all the trading operations in connexion with the timber mills. Surely honorable members do not want more than that.

Mr. GREGORY.—The Treasurer is not proposing to exclude paragraph 2?

Sir JOSEPH COOK.—No; that can remain.

Mr. GREGORY.—I cannot accept the Treasurer's proposal; but the Committee must decide upon it.

Sir JOSEPH COOK.—The honorable member is very stubborn when he makes up his mind.

Mr. FENTON (Maribyrnong) [10.20].—The honorable member for Dampier (Mr. Gregory) might very well accept the suggestion made by the Treasurer (Sir Joseph Cook), because in its present form the clause will limit the nature of the report to a great extent. A legal axiom, as applied to the Constitution, states that the more you define the more you limit. That is a truism that we all ought to accept. If honorable members will turn to the Budget papers they will see there a fairly detailed balance-sheet in connexion with the Commonwealth Shipping line, giving gross expenditure on the fleet, office, and general expenditure in London and Australia, interest on capital to date, amount written off for depreciation, and so on. The Minister has promised a balance-sheet of that description in relation to the operations of the saw-mills.

Mr. RILEY.—We also get a balance-sheet in connexion with the Woollen Mills and other factories.

Mr. FENTON.—Yes. We have special parliamentary papers dealing with the Commonwealth Woollen Mills, Cordite Factory, Clothing Factory, and other Government activities. All these returns are certified to by the Auditor-General, and a similar return in connexion with War Service Homes activities ought to be sufficient. I support in principle the contention of the honorable member for Dampier, and think that honorable members ought to be thankful to him for having brought this matter forward, because it was a serious lapse on the part of the framers of the measure in connexion with a big Department like the War Service Homes, for by the time we have finished building soldiers' homes the expenditure might be in the region of £60,000,000. This money will eventually be repaid, but, nevertheless, Parliament must not lose its grip on big financial operations of this kind.

Mr. McWILLIAMS.—The soldiers will not bear any loss on the operations of these mills, though.

Mr. FENTON.—I do not say they will if there should be a loss on these minor operations in the big scheme; but, for the most part, the soldiers will have to find the cash eventually.

Mr. RICHARD FOSTER (Wakefield) [10.24].—I advise the honorable member for Dampier (Mr. Gregory) to accept the reasonable proposal made by the Treasurer (Sir Joseph Cook). The balance-sheet will then include a profit and loss account of each timber mill. There is some ground for the contention of the Minister that any returns giving the superficial feet of timber cut would involve a very great deal of detailed work and expense; but the honorable member may at any time call for a special report in respect of these matters if necessary.

Mr. GREGORY.—But the Treasurer seeks to eliminate that portion of the clause requiring the presentation of a profit and loss account.

Mr. RICHARD FOSTER.—And I want to insist particularly on a profit and loss account being furnished to Parliament for all these separate ventures. I feel strongly on this matter.

Mr. JOWETT (Grampians) [10.26].—As the hour is late, and the question raised by the honorable member for Dampier (Mr. Gregory) is of very great importance, I think every honorable member who wishes to discuss it should have the fullest opportunity. The suggestion made by the honorable member for Wakefield (Mr. Richard Foster) for the presentation of a profit and loss account is a very valuable one, and if the Treasurer would acquiesce perhaps it would meet the situation.

Sir JOSEPH COOK.—I will agree to the inclusion of a profit and loss account being furnished in respect of each timber mill, and will, therefore, amend my amendment by retaining the words "and a profit and loss account of each timber mill."

Amendment amended accordingly.

Mr. GREGORY (Dampier) [10.27].—On the understanding that the Treasurer will accept the suggestion of the honorable member for Wakefield (Mr. Richard Foster), I take no objection to the clause being amended in the direction indicated. My reason for desiring the detailed information was that when the Commissioner purchased these mills in Queensland he made certain definite statements about the profits that were going to accrue from the transaction. I want to be able to follow up this matter next year and the year after to see whether his statements were justified or not, and in order that honorable members themselves may be able to arrive at a definite conclusion. We can, if necessary, obtain other detailed figures later by asking for returns in regard thereto.

Amendment, as amended, agreed to.

Proposed new clause, as amended, agreed to.

Title agreed to.

Bill reported with amendments.

Standing Orders suspended; report adopted.

Bill read a third time.

APPROPRIATION (WORKS AND BUILDINGS) BILL 1920-21.

Bill returned from the Senate without amendment.

House adjourned at 10.30.

Senate.

Thursday, 30 September, 1920.

The **PRESIDENT** (Senator the Hon. T. Givens) took the chair at 3 p.m., and read prayers.

PENSIONS FOR THE BLIND.

Senator EARLE.—I ask the Vice-President of the Executive Council (Senator Russell) whether he has any announcement to make concerning the policy of the Government regarding the rate of pension to be paid to the blind pensioners?

Senator RUSSELL.—Yes. The Government have arrived at a decision on the question, and the Treasurer (Sir Joseph Cook) is now fixing up the details. I hope to be in a position to make a definite announcement on the subject tomorrow.

PAPERS.

The following papers were presented:—

Public Service Act.—Appointments of H. Morrell, J. Sutherland, F. Considine, R. A. Newton, and A. J. Allen, Department of Trade and Customs.

SUGAR.

SHORTAGE IN SOUTH AUSTRALIA.

Senator SENIOR asked the Minister representing the Minister for Trade and Customs, *upon notice*—

1. Has his attention been drawn to the remarks of the Honorable G. B. Laffer, as reported in the *South Australian Register* of 25th September, *re* shortage of sugar?

2. Is it true that South Australian interests have been sacrificed by the Federal authorities?

3. Has the Federal Government, as alleged, allowed the matter to drift?

4. Is the statement correct, as reported, that "the political pull of the eastern States," or any other "pull," has given the above-mentioned States a better deal than South Australia?

Senator RUSSELL.—The answers are—

1. Yes.

2, 3, 4. No.

BANKRUPTCY LAW.

Senator KEATING asked the Minister representing the Prime Minister, *upon notice*—

Pending the consideration by the House of Representatives of the Tariff and other matters necessarily initiated in that Chamber, will

the Government introduce into the Senate a Bill to unify and codify the law relating to bankruptcy throughout the Commonwealth?

Senator RUSSELL.—A Bankruptcy Bill, which was prepared a considerable time ago, is under revision, and the question of introducing the measure will be considered at the earliest opportunity.

IMMIGRATION.

Senator DE LARGIE asked the Minister representing the Prime Minister, *upon notice*—

1. Under the Federal immigration scheme, does the Government provide free passages from the United Kingdom to Australia for immigrants who propose to settle on the land in the Commonwealth?

2. To what extent are assisted passages provided for immigrants coming from the United Kingdom to the Commonwealth?

Senator RUSSELL.—The answers are—

1. In accordance with the decision arrived at at the Conference of Commonwealth and State Ministers, held in Melbourne in July last, steps are now being taken to formulate an immigration scheme. Copies of the report of the Conference will shortly be made available to honorable members. The Commonwealth proposes to assume financial responsibility for the organization of emigrants from overseas, and for their transport to Australia.

2. In the past, the State Governments have provided assisted passages to emigrants coming from Great Britain to Australia, but, as indicated in reply to No. 1, the Commonwealth now propose to assume financial responsibility for the transport of emigrants to the Commonwealth.

WAR SERVICE HOMES BILL.

Bill returned from the House of Representatives with amendments.

POST AND TELEGRAPH RATES BILL.

SECOND READING.

Debate resumed from 29th September (*vide* page 5065), on motion by Senator RUSSELL—

That this Bill be now read a second time.

Senator THOMAS (New South Wales) [3.6].—In beginning the debate on the motion for the second reading of this Bill, I am rather sorry to have to strike perhaps a jarring note; but, as the measure involves an addition of nearly £1,000,000 to the taxation of this country, I feel that the Minister (Senator Russell), in moving

the second reading of the measure, might well have made a more lengthy and less perfunctory statement concerning it. He practically asked that we should pass this Bill, definitely increasing the postage on ordinary letters from 1d. to 2d., because, as I understood him, the price of galvanized iron has gone up a little.

Senator RUSSELL.—I beg the honorable senator's pardon. I spoke of galvanized iron wire.

Senator THOMAS.—I understood the Minister to say that galvanized iron, wire, and one or two other things have gone up a little in price, and, consequently, it is necessary that we should do away with penny postage, and substitute for it a two-penny rate. I rather think that the time has gone by for a discussion on the advantage of penny postage. There have been discussions in times past, not only in this country, but in many other countries, as to the advantage or disadvantage of penny postage, but I think that the battle has been definitely won for penny postage. It is admittedly of great benefit to the people, and, in my opinion, no substantial argument can be urged against it. I am aware that some persons argue that it does not pay. Some years ago, when this question was being discussed, the argument was advanced that if we substituted penny postage for the twopenny rate then in force, the alteration would involve a tremendous loss of revenue. It was natural to assume that in the first twelve months after the introduction of penny postage some loss of revenue would be sustained; but the statistics of all countries go to show how very soon the adoption of penny postage has paid for itself. In 1899-1900, the last year of twopenny postage in Victoria, Victoria showed a total revenue from that source of £425,000. One penny postage was then adopted, and ten years afterwards—that is, in 1909-10—the receipts from that source were £561,000.

Senator EARLE.—There was a great increase of population, of course.

Senator THOMAS.—I admit that there was an increase in population, and we have also to take into consideration the fact that the business of a Postal Department generally grows year by year, as the children leave the schools, and more people begin to read and write, and commerce and trade increase. Still the figures

show that penny postage brought in not only all that was being earned by two-penny postage, but a certain amount extra.

Senator WILSON.—That does not prove anything unless you tell us how much extra it cost to do the business.

Senator THOMAS.—I was simply showing that, so far as the revenue is concerned, any falling off is very quickly made up. I have not the exact figures as to the expenditure, but the difference is very little, because the letter-carriers are able to handle the extra number of letters, and very few more sorters are required.

Senator WILSON.—The Minister's argument was that the postage rate had to be increased on account of the extra cost; but you say the extra cost is very little.

Senator THOMAS.—Perhaps I misunderstood the honorable senator. I thought he was referring to the difference in cost between a penny and a twopenny postage system. I did not think he meant the extra cost of the whole Department over what it was some years ago.

Senator WILSON.—You cannot quote figures like that unless you give the debit and credit.

Senator THOMAS.—I could answer the honorable senator better if I knew exactly what information he wanted. I can assure him that the cost of handling the £561,000 business in 1910 was very little more than the cost of handling the £425,000 business in 1900.

Senator WILSON.—The honorable senator thinks so.

Senator THOMAS.—I will show the honorable senator why I know. I had the pleasure of introducing penny postage in the other House, and I was looking over, a few minutes ago, the remarks I made on that occasion. I saw the exact figures there as to cost, and I noticed that the difference was very small. However, that can be very easily demonstrated.

We in Australia went in for penny postage in 1911-12. Some people predicted a large loss; but the figures are rather interesting. Through the appointment of Mr. Triggs and Mr. Haldane, in 1911-12, we are in a position to know exactly whether the Postal Branch, the Telephone Branch, or the Telegraph

Branch pays. Previous to their appointment, and the adoption of the new system of accounts, we found great difficulty in ascertaining whether the branches were showing a profit or a loss. The first year of the complete operation of penny postage was 1912-13, when the Postal Branch showed a credit balance of £23,132. It is very fine to know that, so far as Australia is concerned, the letter-carrying branch of the Department paid under 1d. postage in the first year of its operation. In that year the whole Department went behind to the extent of £407,000; but that was because the Telegraph Branch lost £164,000, and the Telephone Branch £221,000. There was a loss in that year on penny postage in South Australia, Queensland, Western Australia, and, I think, Tasmania; but there was a profit of from £20,000 to £30,000 in New South Wales, and in Victoria of over £100,000, with the result that, taking Australia as a whole, penny postage paid in that year. In 1913-14 the profit on penny postage was again £24,000; but the loss on the telegraphs and telephones were still very heavy, and the complete loss on the whole Department was about £500,000. In 1914-15, when the war started, the conditions were very different, and the Postal Branch showed a loss of £71,000. In 1915-16 there was, however, a profit of £42,000. In 1916-17 there was a very large loss of £168,000; but the then Postmaster-General, in his report, showed that the reasons were the payment of an extra sum to the United Kingdom for heavy adjustments, and the payment of a good deal of extra money to the railways. In the next year, 1917-18, the Postal Branch made a profit of £237,000, which the then Postmaster-General explained by showing that the Department paid in the previous year to the railways more than it ought to have paid, and by an adjustment had to pay that year a great deal less. It would be right and fair, therefore, to put the two years, 1916-17 and 1917-18, together. Even then, the Postal Branch would come out about £70,000 to the good. The profit in 1918-19 on penny postage was £239,000, and with telegraph and telephone services the full profit was £524,000. I do not think we have the figures yet for 1920.

Senator RUSSELL.—They are only estimates.

Senator THOMAS.—During the last two years a good profit has been made on penny postage, and, in addition, the halfpenny increase, imposed as a war-time tax, resulted last year in an amount of no less than £750,000 being handed over to the Treasury.

There is another matter which I think should be emphasized, and which I raised on more than one occasion in the House of Representatives, namely, the subsidy of £170,000 per year paid to the Orient Steamship Company for the maintenance of the mail service between Australia and Great Britain. It is very unfair that the whole of this amount should be charged up against the Postal Department of the Commonwealth, because, under the terms of the contract, the Orient Company have to give other services, such as the maintenance of refrigerating chambers, and they have to go on to Sydney, whereas for the mail service alone they need not now come past Fremantle. Some other Department, probably Customs, ought to pay a portion of this subsidy. I am also strongly opposed to the practice of making the Postal Department a tax-collector. The people must expect to pay for all services rendered; and, I think, now that we are not under war conditions, it is unfair to use the Post Office as a tax-gathering institution.

I have shown that during the last year or two the operations of the Postal Department have been successful. I am prepared to admit that the profits in 1917-18 and 1919 were not quite legitimate, because in the Telephone Branch especially the Postmaster-General was unable to obtain the material necessary for the development and extension of service. It is only fair, therefore, that we should take these facts into consideration. I differ from my honorable friend, Senator Pratten, in regard to the complaint that the ex-Postmaster-General was unable to get from the Treasury the money required for the development of departmental services. Whilst the war was on, everything was in the melting-pot, and the Postal Department had to be starved in order that there might be ample money for the prosecution of the war. I would raise no particular objection if, during war time, the activities of the Department were not extended as in normal times, because during that period matters of greater importance

had to take precedence. Although some of the profit may not be regarded as quite legitimate, in view of the fact that part of the services have been starved, owing, as I have shown, to war conditions, still the Post Office has paid without the services being unduly cut down or the efficiency of the Department impaired. I recognise, of course, that one of the most difficult problems is the country mail services, in connexion with which the ex-Postmaster-General was bitterly assailed, chiefly by country members, because he was obliged to cut down some of the country mail contracts. But there are two sides to this question. We are all anxious that the country should be opened up by the establishment of mail facilities, but, unfortunately, during all drought periods the Postmaster-General finds it extremely difficult to get men to carry on the services, and has to pay a good deal more for the handling of less mail matter. Taking all these facts into consideration, and in spite of the difficulties in regard to the country mail services to which I have referred, the penny postage throughout Australia has been profitable. That being so, it seems unwise now to abandon it, because I am afraid that if we adopt the twopenny postage rate we shall have it for a good many years, probably for the lifetime of some of us. I understood the Vice-President of the Executive Council (Senator Russell) to state, during his second-reading speech, that the Government hoped to raise an additional £1,000,000 by the increased rates. It is rather unfortunate that we should be asked to discuss the second reading of this or any other Bill before we have had an opportunity of perusing the Minister's second-reading speech in *Hansard*.

Senator RUSSELL.—I agree with the honorable senator, but it is difficult to do that in all cases.

Senator THOMAS.—I do not think so. I have noticed in another place that after the second reading of a Bill has been moved by a Minister several days elapse before its discussion is continued.

Senator KEATING.—But they do not suspend the Standing Orders to enable the Bill to pass through its remaining stages without delay.

Senator THOMAS.—Perhaps not, and it is to be regretted that we do that so frequently. I understood the Minister to

say that the Government hope to raise an additional £1,000,000 by the additional charges to be imposed.

Senator RUSSELL. — Practically £1,250,000 from all sources.

Senator THOMAS.—That is worse than I anticipated. If we allow £250,000 for the extra charge of 3d. on telegrams, and another £250,000 for the increased telephone rates, it is fair to assume that approximately £1,000,000 will be raised by the Postal Branch.

Senator EARLE.—It is anticipated that £792,000 will be raised by the Postal Branch, and that the total amount will be £1,233,000.

Senator THOMAS.—I believe those are the figures. I have no objection to the increased charges if the Minister can demonstrate that they are necessary to balance accounts; but unless such is the case it is a retrograde step to take.

Senator RUSSELL.—It is not only to balance accounts, as we have to make up arrears.

Senator THOMAS.—I admit that arrears have to be made up, but the Department cannot spend more than a certain amount in any one year. The Postmaster-General (Mr. Wise) stated that the Government were prepared to spend an additional £500,000 on equipment to overtake arrears of work which have accumulated during the war period. One honorable senator in this chamber complained that that amount was insufficient; but I am prepared to definitely state that that is all the Department can spend in the time. The profit of the Department for the year 1918-19 was £524,000, but that is an artificial profit, as £250,000 ought to have been spent on works. If we make a profit of £524,000 on the present rates—even if we should spend £500,000 next year to catch up arrears—we would still be able to balance our ledger.

Senator RUSSELL.—We have to make extensions, as well as to overtake arrears.

Senator THOMAS.—Exactly, as the population is increasing.

Senator RUSSELL. — Our borrowing powers are not increasing.

Senator THOMAS.—Perhaps not; but I presume that certain economies are to be effected. The Postal Department has been somewhat conservative in some directions, particularly in the use of motor cars, as in many instances these could have been used instead of horse-drawn vehicles in

connexion with some of our mail services. We are informed that Great Britain, New Zealand and Canada have reverted to two-penny postage; but that is no reason why we should adopt a similar policy. In Great Britain the Postal Department has for some years been revenue producing, and it is now the intention to hand over £11,000,000 after meeting the cost of administration. If the British Postal Department is to become a tax collector, that is no reason why the Government should attempt to utilize the Postal Department of the Commonwealth for a similar purpose. A reasonable rate of postage assists commercial and social life, and by increasing the rate we are handicapping people to an unreasonable extent. It has been said by some that additional postage does not affect the poor, but only those more favorably situated.

Senator KEATING.—It is just the reverse.

Senator THOMAS.—Absolutely, because the rich man is not affected.

Senator RUSSELL.—He can pass it on.

Senator THOMAS.—Of course he can, and immediately we commence to utilize our Postal Department as a taxing medium it enables business people, not only to pass on the extra impost, but an additional 10 or 12½ per cent. When the Bill is in Committee it is my intention to move to strike out the two-penny rate for letters, with a view to placing letter postage on the old basis. I supported the 1½d. rate somewhat reluctantly, but that was for war purposes. I believe the additional ½d. rate returned to the Treasurer approximately £750,000, and I now understand that the receipts from the proposed increases will go to the Postal Department.

Senator RUSSELL.—The War-time Act will be repealed.

Senator THOMAS.—Yes, and the receipts from two-penny postage will go to the Postal Department.

I come now to the telephone rates. These, I understand, are to be raised a farthing per call in respect of all telephones connected with exchanges which possess more than 600 subscribers. We have been told that this represents a great concession to country residents. The Government affirm that they do not

wish to penalize people who live in rural areas more than is absolutely necessary, and therefore they intend exempting them from the payment of the extra farthing which is to be charged upon all originating telephone calls. But they stipulate that this concession can be made only in the case of exchanges which possess more than 600 subscribers. Only last Monday and Tuesday I was in the Blue Mountains, New South Wales. It is a delightful spot where one can live under almost ideal conditions. At Katoomba, where there is a telephone exchange with less than 600 subscribers, one can get into communication with quite a number of adjacent places, including Wentworth Falls and Medlow. Now, the majority of the tourists who visit those centres are fairly well-to-do. Yet they are not to be charged the farthing extra upon the telephone calls which they make. I can go to the Golf Club at Wentworth Falls—a nice residential club—and there I can get into communication with Melbourne or Sydney. But, under this Bill, I shall not be called upon to pay an additional farthing per ring, because there are not 600 subscribers connected with the exchange there. Surely that is something in the nature of an anomaly! Under this measure the pioneer, who goes into the backblocks of Australia to blaze a track, will be required to pay 2d. postage upon each letter that he writes. It would be far better to allow his letters to be carried for 1d. each, and to require him to pay the extra ½d. upon his telephone calls. After all, the moment one can use a telephone he is in touch with civilization. It is not the cost of the calls which prevents country settlers from having the telephone connected with their farms—it is the expenditure upon the poles.

Senator RUSSELL.—Will not the extra revenue derived from the telephone calls enable us to ease down the cost of the postage?

Senator THOMAS.—The extra charge of a farthing per call will produce very little revenue. It would be far better to permit people to have their letters carried for 1d. instead of charging them 2d. postage upon them, than to abandon the proposed extra farthing upon

their telephone calls. At this juncture I may perhaps be pardoned for reading a brief extract from a speech made upon this question by the present Treasurer (Sir Joseph Cook) a few years ago.

Senator RUSSELL.—Is this ancient or modern history?

Senator THOMAS.—Modern. Upon 8th November, 1910, when I introduced the Bill to give effect to penny postage throughout the Commonwealth, Sir Joseph Cook, who was then Leader of the Opposition, gave me his hearty support. In the course of his speech and in answer to an interjection by me he said—

I am Socialist enough to support everything that helps to develop social intercourse, the increased facilities of which are one of the chief benefits of our civilization. I very much regret the step taken in regard to the telephones—

He was then referring to the Government proposal to charge a half-penny per originating call. He went on to say—

The inventor of the instrument intended it to be not merely a convenience for the transaction of business but something much more—an aid to the expansion of the social intercourse upon which we so much pride ourselves. Whosoever succeeds the present Postmaster-General will, I hope, restore the telephone to its proper use as an aid to social intercourse instead of regarding it merely as a convenience for business men.

At that time he was of opinion that the telephone rate which was then proposed was too high.

Senator RUSSELL.—But from 1910 to 1920 is a long way.

Senator THOMAS. — I quite admit that. I do not object very much to the imposition of the proposed additional farthing per call, and I am glad to know that the telephone rates at present are sufficient to enable that branch of the Postal Department to pay its way. I have always argued that it should be so. I am prepared to allow every person who uses the telephone—even those connected with exchanges having less than 600 subscribers—to contribute the additional farthing per call which is now proposed, so long as we have penny postage throughout the Commonwealth. The adoption of the latter system would create more satisfaction than will the present proposals of the Government.

Coming to the telegraph rates, I see very little objection to the Government increasing them. Hitherto, we have had

wonderfully cheap telegrams throughout Australia. But, instead of an additional 3d. upon 6d., 9d. and 1s. telegrams, I would have preferred a charge of 1s. all round. People in our cities would then have been required to pay 1s. for telegrams instead of 6d., those within a State would have been obliged to pay 1s. per telegram instead of 9d., and Inter-State messages would have had to pay 1s. instead of 1s. 3d. This flat rate would slightly penalize the residents of our cities, but it would greatly benefit country residents. To my mind it would be a better system. The anomalies which are so apparent in the Department to-day would not be so great if a flat rate were charged upon all telegrams. At the present time a person who is resident on the border of New South Wales can send a telegram from Lismore to Broken Hill for 9d., but as soon as the rate proposed to be charged under this Bill becomes operative, he will be required to pay 1s. But if a man sends a telegram from Albury to Wodonga, he has to pay 1s., instead of 9d. That is one of the anomalies arising under the existing system which is brought under the notice particularly of persons residing near the border of a State. I would have preferred a flat rate of 1s. all round. Although this would be to the disadvantage of those living in cities, it would benefit the residents of the country districts. I am most strongly opposed to the proposal to re-introduce two penny postage, and I shall be very glad if I can receive support from honorable senators in an effort, when we get into Committee, to reduce the proposed two-penny rate to one penny.

Senator EARLE (Tasmania) [3.52].—I regard the introduction of this Bill as the inevitable. In common with Senator Thomas, I should prefer the cheapest possible postage rate for the conveyance of the people's correspondence. We have, however, to consider that since penny postage was introduced the cost of all materials required by the Post and Telegraph Department has been increased by several hundred per cent. We have to bear in mind, also, that the employees of the Commonwealth have had their wages considerably increased, and we have to face further increases in the remuneration paid to some persons that are already

overdue. In view of these facts, it is clear that we must pay more for our postage. After all, the service is very cheap. When we come to realize that two persons, one living in Tasmania and the other at Port Darwin, by using the lightest class of stationery, may carry on a considerable correspondence for the sum of 4d., it must be admitted that the cost of the service rendered by the Post Office is very reasonable. We have post offices established in convenient situations, and we can write voluminous letters, which are promptly delivered to our correspondents; and it must be admitted that, to have our letters transmitted to any part of Australia for a charge of 2d., is a very reasonable service indeed.

Senator THOMAS.—Yes; but if it may be done for 1d., why pay 2d.?

Senator EARLE.—Just so; but I agree with the Government that if we are to pay adequate salaries to those employed by the Postal Department, we must, in some way, increase the postal rates, in view of the inflated prices of all materials required by the Department.

Senator RUSSELL.—The average wage of a postal employee in 1914 was £132; and it is now £192.

Senator EARLE.—I can assure Senator Thomas that postal officials in country districts in Tasmania are not adequately paid at the present time. They may be adequately paid for the services they render, but they have to be on duty for long hours to render, it may be, a very small service indeed.

Senator THOMAS.—They have not to be on duty all the time.

Senator EARLE.—They are not compelled by the regulations to be on duty all the time; but in the country districts men cannot go away from their offices a distance of 10, 20, or 30 miles for any purpose, and be sure of being back on duty at a given time. As a consequence, they are kept at their posts, although they are not required by regulation to be on duty all the time.

Senator THOMAS.—To whom is the honorable senator referring?

Senator EARLE.—To those in charge of country post offices.

Senator THOMAS.—Not official post offices?

Senator EARLE.—No.

Senator THOMAS.—Does the honorable senator know that the pay of those persons has nothing to do with the revenue?

Senator EARLE.—I know that quite well, but I say that the service rendered by the Postal Department should be paid for at a rate which will enable the Commonwealth to offer these people more equitable remuneration than they now receive.

What I am chiefly concerned about is whether the calculations of the Treasurer (Sir Joseph Cook) as to the increased revenue to be derived from the higher rates proposed have been based on the business done by the Department in pre-war days. If they are, the right honorable gentleman may find that he will not realize the £792,000 which he anticipates from the postal rates proposed. There can be no doubt that large numbers of people will be reluctant to write as many letters when the postage rate is 2d. as they wrote when the postage rate was 1d. There will, in all probability, be a diminution in the volume of business done by the Postal Department which may involve a material reduction in the anticipated revenue. The Treasurer estimates that he will receive from the increased postage rates additional revenue to the extent of £792,000, and from the increased postal and telegraph rates combined, additional revenue to the extent of £1,233,000. I do not suppose that the increased rates to be charged on telegrams will make a very great difference in the number of telegraphic messages despatched, but I have very little doubt that with the increased postage rates proposed there will be a considerable decrease in the number of letters posted. So the question that exercises my mind is whether the increased revenue anticipated by the Treasurer will be realized.

I am particularly interested in the postal facilities given to the people in the country districts. One thing which should concern legislators in Australia is the necessity for making country life more attractive than it has been in the past, and one way in which this can be done is by establishing an extensive and convenient post and telegraph service. The postage of books to the country is a matter of considerable importance to country people, and we should give it serious consideration. Where it is possible to differentiate between the service rendered to city people

and that rendered to country people, we should differentiate in favour of country people.

There is one other matter which I wish to bring under the notice of honorable senators and the Government, and for which I ask their favorable consideration. I refer to the correspondence of friendly societies. They have to send out very large numbers of circulars every quarter, and the war tax on their correspondence was a very severe handicap to them. When we come to consider the value of friendly societies to the nation we should make some special effort to give them special consideration.

Debate interrupted.

SENATOR E. D. MILLEN.

VISIT TO EUROPE.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [3.57].—I think this is a favorable opportunity to submit a request, not on my own behalf or on behalf of the Government, but, I feel sure I may say, on behalf of honorable senators generally, for the suspension of the sitting for an hour to enable honorable senators to pay one of the greatest compliments that has ever been paid to a member of this Chamber, namely, to suspend public business for the purpose of wishing *bon voyage* to one of their colleagues. I submit that request to you, sir, as I believe the unanimous wish of the Senate.

HONORABLE SENATORS.—Hear, hear!

The PRESIDENT (Senator the Hon. T. Givens).—In accordance with what I understand to be the unanimous desire of honorable senators, that they should be afforded an opportunity of wishing *bon voyage* to their colleague, the Minister for Repatriation (Senator Millen), who has for some time been Leader of the Senate, I propose to suspend the sitting for one hour, and will resume the chair at 5 o'clock.

Sitting suspended from 4 to 5 p.m.

POST AND TELEGRAPH RATES BILL.

SECOND READING.

Debate resumed.

Senator EARLE.—I appeal to honorable senators to give special consideration to the friendly societies of Australia by

allowing their correspondence to be carried at the penny rate. The figures showing the work being accomplished by, and the importance of, the friendly societies, as furnished by *Knibbs* for the year 1917, are interesting. There were in Australia in that year 5,018 lodges, with a benefit membership of 478,535. The number of members receiving sick pay, excluding New South Wales, for which the Statist apparently has no figures, was 49,947, while funeral allowances numbering 6026 were made to the widows of deceased members. The amount of sick pay was £490,743, while the lodges expended £479,844 on medical attendance to members.

Senator BAKHAP.—That is one of the best forms of co-operation.

Senator EARLE.—Yes. The funeral allowances amounted to £23,100; the cost of administration was £233,713, and other expenses in connexion with the running of the different lodges amounted to £203,536, making a total yearly expenditure among the members of the friendly societies of Australia of £1,625,052. We all realize the great service these organizations are rendering to the people of the Commonwealth.

Senator BAKHAP.—I think nearly all the State Governments exempt from stamp duty any receipts given in connexion with friendly society work.

Senator EARLE.—I believe that is so. No more deserving case for special consideration in the interests of Australia can be shown than that for carrying the official letters of the friendly societies at half rates. I shall move in Committee to amend the schedule to provide that letters from any registered friendly benefit society, bearing the official stamp of the society, shall be carried for one penny. I hope the Government will agree to the amendment, and that the Senate will unanimously assist these bodies. I know of no way in which the Government can better increase the social good order of the people than by encouraging that self-help and social co-operation among the people which is so manifest in the working of the friendly societies.

Senator ROWELL.—They always charge 3d. for sending out a notice to a member.

Senator EARLE.—I have not paid the charge in my own lodge. If it is imposed, it is an additional charge on the

member himself. Probably the societies have been forced into that position owing to the considerable losses they have sustained through the late war, which hit them very severely. Although the additional postage may seem small, it has been a considerable handicap upon their operations. A lodge with a thousand members has to send out notices every quarter, besides summonses to special meetings.

Senator ROWELL.—They do not charge for those. They only charge for notices regarding arrears of subscriptions.

Senator EARLE.—That is only a penalty on members for neglecting to pay their contributions. The quarterly notices are for the most part formal, printed matter; but they contain a few written words in addition, and that fact compels the lodge to pay the ordinary postage, which is decidedly unfair, apart from the fact that the lodges ought to have special consideration. The one object I have is to obtain special consideration for the friendly societies. I agree with Senator Thomas that the Post and Telegraph Department ought not to be a revenue-collecting institution, and that whatever surplus is obtained should be expended, as I believe is the policy of the present Government, in giving better facilities, particularly to the country districts. I shall always be glad to see that policy put into very practical operation. I hope that before the Bill reaches Committee honorable senators will give consideration to the justice of the amendment I have suggested, and that I shall receive their whole-hearted support.

Senator PAYNE (Tasmania) [5.7].—I have been looking into the Treasurer's Budget statement with regard to the proposal to increase the postage rates to the people of Australia. The following paragraph reads extraordinarily as a justification of the proposed increase:—

The necessity for raising extra revenue suggests a review of the charges made for services rendered to the public, particularly by the Post Office Department, and new rates are proposed which have a better relation to the increased cost of supplying those services. Increased charges for these public utilities are general, and even world-wide. Railway freights, for instance, have increased considerably, amounting to over 50 per cent. in some cases.

The comparison of the operations of the various Railway Departments of Australia with those of the Commonwealth

Post and Telegraph Department is entirely misleading, because every State has found it absolutely essential during the past few years to increase freights and fares in order to meet the extra expenditure incurred by its Railway Department, but that is not the case with the Postal Department of the Commonwealth, which has been an exceptionally good paying proposition during the last couple of years. Consequently, the comparison made by the Treasurer is apt to be misleading, inasmuch as it conveys to the ordinary reader the impression that the Post and Telegraph Department has been run at a loss, because every one knows that the various Railway Departments have been compelled for their own preservation to increase fares and freights in order to make ends meet.

Senator Thomas gave some interesting figures as to the revenue of the Post Office during recent years. The total net profit on the postal, telegraphic, and telephonic services for the year 1918 reached the large amount of £387,382, while for the year 1919-20 it is estimated that £238,000 profit will be made out of the Postal Department alone. Consequently, honorable senators are justified in dismissing altogether from their minds the idea that the proposed increases are essential in order that the Department may be made to pay.

Senator DRAKE-BROCKMAN.—And I think those figures do not include the extra halfpenny, which went direct to the Treasury as a war tax.

Senator PAYNE.—That is so. In addition to a net profit of £238,000 on the postal services of Australia, the large sum of £745,962 was paid to the Treasury as a war tax on postage stamps. As a commercial concern, therefore, the Post and Telegraph Department has established a magnificent record. If we accept that statement as being reasonably accurate, it is essential for us to try to ascertain what has actuated the Government in proposing to impose this additional burden upon the whole community.

I may be pardoned for referring to the fact that on one page of the Treasurer's statement we find a proposal to relieve a certain section of the people of a very large amount of taxation in the form of the entertainments tax. On the other

hand, for a service which is of general utility in the development of Australia, we are faced with a proposal to impose a very heavy additional burden upon the whole of the people of the Commonwealth. It is just as well to make these comparisons, because, after all, if the Commonwealth finds it needs additional revenue—and there is not the slightest doubt that it does—surely the time is not opportune for the removal of a species of taxation which has been very productive of revenue, and has not been at all a burden upon the people who have paid it. I emphasize the fact that it is proposed on the one hand to relieve one section of the community of some of the taxation imposed either during war time or just prior to the war, and on the other hand to place a heavy additional burden upon the whole community for a service which plays a very important part in the development of the resources of the Commonwealth.

Senator DRAKE-BROCKMAN.—Should not taxation be general, rather than particular, as to the various sections of the community?

Senator PAYNE.—I believe in every unit being compelled to bear his fair share of taxation, but at the same time it is a generally accepted policy that it is justifiable to impose special taxation on certain sections of the community.

Senator BENNY.—Taxes upon luxuries.

Senator PAYNE.—Exactly.

Senator DRAKE-BROCKMAN.—Do not misunderstand me. I agree that taxes on luxuries should not be wiped out.

Senator PAYNE.—I have been forced to the conclusion that the only reason for the introduction of this additional taxation is to raise additional revenue. The Minister (Senator Russell) stated that the additional cost of material, quoting particularly galvanized iron wire, must of necessity involve the raising of additional revenue by some means or other. I am not satisfied that there is any justification for the proposed increase in the postage rates, on a statement that material to-day is costing more than in pre-war times. The figures quoted with regard to the revenue of the Post Office refer to the working results during the war period, when the cost of material was very much heavier than previously.

Senator RUSSELL.—But the Department was starved during the war.

Senator THOMAS.—And we are told that everything is to be cheaper now, because we have a scientific Protectionist Tariff in operation.

Senator PAYNE.—Let us hope that material will become cheaper. I do not want honorable senators to have the impression that I am denouncing the Bill. I am not doing that. I think, however, that I am justified in suggesting that, in view of the very heavy burden on the community as a whole, we should view this matter with a desire to make the tax as equitable as possible.

It has been suggested by one honorable senator that the Telephone and Telegraph Branches can well do with the extra revenue, and that the users will not mind the additional charges; but Senator Thomas has protested strongly against any interference with the penny postage. When penny postage was introduced in Australia it was watched very closely indeed by those interested in the welfare of the Commonwealth, because it was looked upon as an innovation, and although it had been tried with success in the Mother Country, it was anticipated by a great many that it would not be so successful in a sparsely-populated country like Australia. We all know now that the predictions of failure were not justified, and that in the course of a few years it was demonstrated that penny postage was a commercial success.

Senator THOMAS.—Within two years of its introduction.

Senator PAYNE.—It was a success within two or three years at all events. For this reason I am sorry the Treasurer has found it necessary to impose this additional tax upon the community. But as I have always contended that the basis of good government is sound finance, it is absolutely imperative that money shall be obtained for carrying on the functions of the Commonwealth Government. Until I can suggest some other means by which this additional revenue may be obtained, I would not be doing my duty to the electors of the Commonwealth who sent me here if I opposed the proposal to raise additional revenue for the needs of the Government. But

I regret very much that the Treasurer has not given any indication that, with this very large amount of additional revenue, expected from the increases in the rates, any special provision is to be made to extend the postal, telegraphic, and telephonic facilities to those people upon whom we depend so largely for the development of our resources. I mean the out-back settlers.

Senator DE LARGIE.—That has been done as regards the telephone services. It has been made quite clear that the claims of the country are to be considered.

Senator J. F. GUTHRIE.—Yes, by charging more for telegrams.

Senator PAYNE.—I have not seen any proposal to give out-back settlers improved facilities without a guarantee that the Department shall be protected against loss. In the policy speech attention is drawn to the fact that it is essential in the interests of the Commonwealth that there shall be a fuller development of our rural resources by the settlement of a large population on our waste lands. If the Treasurer receives the additional revenue that is anticipated from an increase in the post and telegraph rates, surely it is reasonable to suggest that improved services shall be given to country areas. I know of many settlers who have been denied these facilities, and I have in mind one man who came from Victoria, and settled in the northern district of Tasmania 25 miles back from the coast line. He has been there for twelve years, has reared a family, and at present his district has no postal or telephonic facilities whatever. A few years ago a telephone was installed there, but when it was found that the revenue was not sufficient it was discontinued. My point is, that if the Department can show a profit—and during the last two years it has shown a substantial profit—on the present rate of postage, the profit will be greater as a result of the increased rates to be charged, and portion of this profit, at all events, should be devoted to the extension of postal, telephonic, and telegraphic facilities to those settlers who, we profess to believe, are the saviours of the Commonwealth—the men who will go into the out-back country, face all the hardships to be encountered there, and make homes for themselves. They should have every reasonable protection for their

wives and children, and this can only be secured to them by providing them with the facilities referred to.

I do not want to say any more at the present time. I trust that the suggestion made by Senator Earle will be favorably considered, and that the concessions asked for will be granted to friendly societies throughout the Commonwealth. I have been connected with friendly societies ever since I was old enough to join one. They have done a splendid work, and it is only reasonable to ask that this additional rate of postage should not be imposed upon their postage matter.

Senator DE LARGIE.—If you open the door in that way many similar requests will be made.

Senator PAYNE.—It will not be opening the door. The work of the friendly societies has been recognised by every civilized community.

Senator DE LARGIE.—What about other charitable institutions?

Senator PAYNE.—If the honorable senator desires to have concessions granted to them, he can make the suggestion.

Senator FAIRBAIRN.—Why not grant concessions to life insurance companies also?

Senator PAYNE.—Because, as a rule, friendly societies are composed almost entirely of men who are wage-earners, and at present they have as much as they can do to make ends meet.

Senator THOMAS.—Make it penny postage all round throughout the Commonwealth.

Senator PAYNE.—I cannot see my way clear to support universal penny postage in view of the fact that a short time ago it was found necessary, for revenue purposes, to impose a surcharge of $\frac{1}{2}$ d. upon the ordinary letter rate, and I have already pointed out that I have a strong objection to any remission of taxation unless it can be shown that we can balance expenditure with revenue. I am not sure that we can on the figures at our disposal, and that is why I commented on the proposal to remit the entertainments tax.

Senator THOMAS.—This increase in the postal rate will hamper commerce.

Senator PAYNE.—I have always contended that the better service we can provide in the Commonwealth the greater will be the tendency to develop our natural resources; but I cannot forget

that for some time we have been paying the $1\frac{1}{2}$ d. letter rate and have become accustomed to it, so it would be better, in the present financial situation of the Commonwealth, to continue the same rate of postage instead of reducing it.

Senator THOMAS.—Ask the Government if they will accept $1\frac{1}{2}$ d. as a compromise.

Senator PAYNE.—I should like to see it kept at $1\frac{1}{2}$ d., and I think we can very well carry on at that rate. I do not see why the Treasurer should not be able to obtain, from some other source, the amount of revenue represented by the difference between the $1\frac{1}{2}$ d. and the 2d. letter rate. I hope that some proposal will be made to relieve, first, friendly societies from the burden to be placed on them with the rest of the community, and if an attempt is made to maintain the $1\frac{1}{2}$ d. letter rate, I shall support it.

Senator KEATING (Tasmania) [5.28].—I have recognised that it was inevitable that we should have to deal, at this juncture, if not earlier, with a re-adjustment of the postal, telephonic, and telegraphic rates, and that the principal reason for this re-adjustment would be found in revenue requirements. It is true, as has been pointed out by the Minister (Senator Russell) and other honorable senators, that the cost of providing all these services has gone up to the Commonwealth. Material has appreciated in cost, and officers of the Departments concerned have received very substantial increases in their salaries. But against that we have the growing population of the Commonwealth, we have the increase in commerce, and the increase in social intercourse. To some extent these should insure increases in revenue to meet the increased cost in materials and salaries.

Senator J. F. GUTHRIE.—The increase in population is very slight.

Senator KEATING.—It may be, but to some extent it should, with other factors, make up for the difference in cost of administration.

I am a little disappointed at the way in which the Government have tackled this problem. Like Senator Thomas, I think there is no necessity for re-introducing twopenny postage. It is a retrograde step, in taking which the Government have been animated by considerations which, I think, have long since been dissipated

from the Australian mind. We are going back to a stage beyond even that at which we were at the inception of Federation, because then at least in every capital city, and in many of the large towns in each of the States, except, perhaps, in South Australia, there was penny postage. We are going back to a stage which is practically outside the recollection of most of us.

Senator FAIRBAIRN.—There has been a war since then.

Senator KEATING.—I know that, and I shall deal with that aspect of the question later.

Senator GUTHRIE.—There are increased costs.

Senator KEATING.—Yes; and increasing revenue; but as far as each of the individual States were concerned we had a measure of penny postage, under which we federated, and we had only to extend to the rural districts what the cities and some country towns enjoyed. It took time to establish penny postage in Australia. I am, and always have been, a strong supporter of penny postage, and the honorable member for Eden-Monaro (Mr. Austin Chapman), who happened to be my colleague when Minister in charge of the Department at one time, was also an enthusiastic advocate. One of the reasons why I support penny postage is because the benefits are felt more by the people in the country than by those in the cities. It was in their interests, mainly, that I advocated and supported it, and I see now, with the proposed re-establishment of twopenny postage, that hardship will fall, not upon those in the cities, but, almost wholly, upon those in the country districts.

Senator PLAIN.—At the time of which the honorable senator is speaking there was a charge of 3s. or 4s. for a telegraphic communication consisting of twelve words.

Senator FAIRBAIRN.—Our telegraphic rates are the lowest in the world.

Senator KEATING.—That was prior to Federation, but we established a uniform system of charges very early in the history of the Commonwealth and before we adopted penny postage. It is clear to any observer that twopenny postage

will bear more heavily upon the residents in the country than upon those in the city.

Senator EARLE.—How does the honorable senator support that argument? Do not the city people write as many letters as those in the country?

Senator KEATING.—If an analysis were made of the letters that go from the city post-offices it would be found, in nearly every instance, that the revenue derived was obtained largely from commercial correspondence, and not from letters exchanged socially between individuals. There are thousands of that nature, of course, but the great bulk of letters go from the business houses of all kinds in the city. Nearly every business house takes into consideration its postal expenditure for the year, and regards it as an item to be met, and adjusts its prices accordingly.

A newspaper is supplied to a city resident at a lower rate than it is supplied to a person in the country. One has merely to look at the newspapers to see the subscription rates on papers forwarded from the city to the country by post. There is an extra charge on papers forwarded to the country subscriber through the medium of the post-office. The newspaper proprietors do not bear that additional charge.

Senator COX.—The charge for a newspaper is the same in the country as it is in the city.

Senator KEATING.—It is if it goes through the hands of an agent, but if it is sent through the post and addressed to an individual, the addressee has to pay the postage. The same applies in connexion with goods sold in the city to country purchasers. Any honorable senator who takes up a newspaper and peruses the commercial advertisements will find that business houses selling suits of clothes, boots, or other articles of every day necessity, charge a certain rate; but there is another price if they are forwarded "post free," which means that the purchaser has to pay the postage. It is the people in the country who have to pay. Then, again, we find that if we peruse the rates set out in the schedule there is a specially low tariff for circulars. Do country people send out circulars? There is another specially low tariff for samples. Do country people send out samples? There is another specially low

tariff for goods classified as merchandise. Do country people send out merchandise? There is also a special tariff for mercantile papers. Is that likely to be of any advantage to country people? What is the result? If we averaged the number of postal articles that a business house in every capital city sends through the post every year it would be found that the cost per postal article would be less than 1d. If we were to average what the commercial houses pay on circulars, samples, catalogues, merchandise, and mercantile papers we would find that the city house is practically getting 1d. postage, and perhaps less than 1d. On the other hand, the residents in the country who use the Post Office will be involved, in every instance, to the extent of a minimum charge of 2d. If a country resident purchases magazines or books from a city establishment he has to pay postage, and, generally speaking, the additional charge falls very heavily upon the people in the country. Twopenny postage for $\frac{1}{2}$ oz. thus falls primarily and mainly upon country residents, whereas the city business men do not have to pay, on an average, more than 1d. per ounce on their total postage.

Senator EARLE.—But country business men would have the same advantage.

Senator KEATING.—Of course, but they are not nearly so numerous. The country business man has to put up a very hard fight to keep his business in his own district, and the Government by this means are helping the big city houses to smother the country commercial man. I think honorable senators will see that, by imposing these extra rates, we are once again giving an advantage to the city over the country, and not promoting that settlement in rural areas which I think all of us honestly and sincerely wish to see.

I have already said that I regard this as a retrograde step. It has been stated that postal rates have been raised in other countries. So they have. Is that any justification for these proposals, particularly when Australia already pays a maximum rate for a minimum weight? We have the lightest weight for that given rate of any important civilized country. What are the rates in Great Britain? From the information I have received it would appear that, since the war, the inland charge for letters is 1½d.

for 4 ounces, with an extra ½d. for every additional 2 ounces. In the United States of America the postage to be paid on letters to the British Empire—which, of course, includes the United Kingdom, Australia, Canada, and New Zealand—by firms competing with Australian firms is 2 cents for every 1 ounce, and every fraction of 1 ounce. For other countries it is 5 cents for 1 ounce and 3 cents for every additional ounce. Their rate of postage to us is one-half of what we are to be charged when communicating with them. The Canadian rate is 2 cents for 1 ounce, and is the same as the United States of America, or one-half of what ours was. We are now proposing 2d. per ½ ounce within Australia, whereas in Canada it is 1d. per ounce. In the United States of America it is 1d. per 1 ounce, and in the United Kingdom it is 1½d. for 4 ounces, and only ½d. for each additional 2 ounces. Will it be said that we are imposing a fair charge upon the public when we are proposing to raise the postage from 1½d. per ½ ounce—½d. of which was a special war tax—to 2d. per ½ ounce? We have the lowest maximum weight for the minimum charge of any country with which we can reasonably invite a comparison.

Senator EARLE.—What is the minimum charge in Great Britain?

Senator KEATING.—It was 1d., but since the war it has been 1½d. for 4 ounces, inland.

Senator RUSSELL.—Is the honorable senator quite sure that they are the rates being charged to-day?

Senator KEATING.—Yes. I understand that previously the inland rate was 1d. for 4 ounces, but now it is 1½d. New Zealand has also imposed an additional ½d. I have been supplied with the maximum weight for the minimum charge in New Zealand, which seems to be rather high. It is certainly no less than any of those I have mentioned.

Senator DE LARGIE.—Is 4 ounces the maximum weight for letters in Great Britain?

Senator KEATING.—That is the maximum inland weight, and the rate is 1½d.

Senator EARLE.—Four ounces is exceptionally heavy for a letter.

Senator KEATING.—That is the information with which I have been supplied. Our half an ounce is the

lowest maximum in any country with which a comparison can be reasonably made. I am led to refer to this matter because there are more individuals using the Post Office as a means of communication than there are who use the other facilities referred to in the Bill. Senator Earle said that no great hardship would be imposed upon an individual, using light paper, who wished to correspond from, say, Tasmania to Port Darwin, if the rate is fixed at 2d. per $\frac{1}{2}$ ounce. That may be so; but it is a matter that is relative and needs comparison with other countries.

We have to recollect that nearly every individual at some time or other writes letters. There are, however, comparatively few who use the telegraphic and telephonic system, so we ought to be sensible of the fact that in disturbing the postal rates we touch almost every individual in the community. There are many who cannot afford to communicate by telegram or telephone, and we should be chary in taking away from them the illiberal enough rights and privileges which they now enjoy. Like Senator Thomas, I do not look upon the Post Office as a tax-collecting machine, but as an instrument of government for rendering a service to the community as a whole. The Department, of course, is justified in obtaining an adequate return for the services provided. If the Government take a more liberal view of the situation they could secure the additional revenue without imposing upon every ordinary letter-writer a minimum charge of 2d.

Reference has been made to the telegraphic rates, and I agree with Senator Fairbairn that we have probably the lowest rates in the world. I do not say that the charge for transmitting a telegram, say, from Melbourne to Geelong or to Ballarat is lower than the charge would be for a similar message for a similar distance in some other part of the world. But when we consider the distance that a telegram may have to travel, and the number of times that it may have to be repeated, we must recognise that our telegraphic charges are the lowest in the world. In this Bill, instead of charging 1s. for Inter-State messages of sixteen words, and 1d. for each additional word, it is proposed to make the charge 1s. 3d. for sixteen words, with 1d. for each additional word. Senator

Thomas has suggested that a flat rate of 1s. should be levied upon these telegrams, and that the rate for inland, city, and suburban messages should be the same. Personally, I am of opinion that, instead of charging 1s. 3d. for Inter-State messages of sixteen words, the rate should be increased to 1s. 4d. That would be the equivalent of 1d. a word, whereas under this proposal the charge for a telegram of sixty words will be 4s. 11d. The latter charge irresistibly reminds one of prices at a cheap sales shop in a minor suburb. For a telegram of twenty-four words, the charge under this Bill will be 1s. 11d. Why not make it 1d. per word? It would be very much more convenient for the public. Instead of providing that 1s. 3d. shall be charged upon messages containing sixteen words, why should we not say that Inter-State telegrams shall be paid for at the rate of 1d. per word, with a minimum of 1s.? That would be better for the officer who is charged with receiving the revenue, and better for the senders of the telegrams.

Senator THOMAS.—Did the honorable senator suggest a minimum charge of 1s.?

Senator KEATING.—Yes. That would not inflict any great hardship upon the senders of telegrams.

Senator J. F. GUTHRIE.—The honorable senator is referring to Inter-State messages?

Senator KEATING.—Yes.

Senator THOMAS.—That would involve a loss of revenue to the Department.

Senator KEATING.—I think not.

Senator THOMAS.—Obviously. I have just received a telegram which does not contain twelve words, and under the Government proposals the minimum charge for that message would be 1s. 3d.

Senator KEATING.—If my suggestion were adopted, the honorable senator would be able to send only twelve words for 1s., including his address, and signature. I do not think the Department would sustain any loss if the minimum charge for telegrams were 1s., at 1d. per word.

Senator J. F. GUTHRIE.—That would be a much simpler method.

Senator KEATING.—Most certainly. If I require any justification for my suggestion, it is to be found in that portion

of the Bill which relates to lettergrams. Upon these, it is proposed to charge $\frac{1}{2}$ d. per word, with a minimum of thirty words. Why not make the charge for a telegram just double that? Let us, if necessary, fix a minimum of sixteen words, and make the rate 1s. 4d.

Senator PRATTEN.—Why not fix a charge of 1d., with a minimum of fifteen words?

Senator KEATING.—Yes. Then the cost of a lettergram and its minimum would be exactly half that of a telegram. It would be very much better for the postal officials, for the public, and for those who are responsible for auditing the accounts of the Department.

I am sorry that, by reason of the suspension of the Standing Orders, we are not in a position to prepare and circulate proposed amendments.

Senator FAIRBAIRN.—Can we amend a money Bill?

Senator KEATING.—We may request amendments in it.

The PRESIDENT (Senator the Hon. T. Givens).—This is a Bill which the Senate may amend.

Senator KEATING.—In any case, one is not afforded an opportunity of circulating amendments which might commend themselves to honorable senators if the latter had them in print and had leisure to consider them.

I come now to the postage upon newspapers. In the print which has been circulated with the Bill, and which shows the amendments it is proposed to make in the present Act, I find the following:—

On all newspapers printed and published in Australia posted for delivery within the Commonwealth (without condition as to the number contained in each addressed wrapper) by—

- (a) The proprietors thereof to *bonâ fide* subscribers and to news vendors and agents for *bonâ fide* trade requirements;
- (b) News vendors and agents to *bonâ fide* subscribers, and to other news vendors and agents for *bonâ fide* trade requirements; and
- (c) News vendors and agents for return to the publishing office.

One penny and a halfpenny per twenty ounces on the aggregate weight of newspapers posted by any one person at any one time.

That is an increase of $\frac{1}{2}$ d. upon the original provision. But a proviso is added

which, in my opinion, should be excised. It reads—

Provided that the minimum amount of postage payable on the aggregate weight of newspapers so posted shall be one shilling.

That means that the news agent or the news vendor will get no concession whatever if he posts less than twelve newspapers. If an ordinary individual posts a number of newspapers, he will be required to pay 1d. each upon them; they need not even be Australian newspapers. But if a news agent sends out to a station only four or five newspapers, and Australian ones at that, he will be required to pay upon them a minimum charge of 1s. We are thus singling him out for exceptional treatment by requiring him to pay in postage upon Australian newspapers more than will be paid by the ordinary citizen on even foreign newspapers.

Senator THOMAS.—He is not called upon to pay more. He may post them separately.

Senator KEATING.—In the course of his business he may not be able to post them separately.

Senator THOMAS.—Obviously he would do so.

Senator KEATING.—No. In order to post them separately he might have to entirely change his business methods and his customers. He may, for example, require to send six newspapers to one person, seven to another, and nine to another.

Senator THOMAS.—In New Zealand and England people are not allowed to post newspapers in bulk.

Senator KEATING.—But we ought not to make concessions with one hand and take them away with the other. The small country town news vendor is very often obliged to send out four or five newspapers to a station, and upon these he will be required under this Bill to pay a minimum of 1s. Why not give him the advantage of the $\frac{1}{2}$ d. charge for 20 ozs.? He will be well known to the local postal authorities—just as well known as are, say, Messrs. Gordon and Gotch in Melbourne.

I hope that when the Bill reaches Committee honorable senators will have particular regard to the requirements of residents outside of our cities. They are the people in this community

to whom the post-office means the most. To them the daily mail—or it may even be the weekly, bi-weekly, or tri-weekly mail—is an event of very great importance. In our cities the ordinary delivery of letters is the most casual thing in the world. Very often we do not know whether it has taken place or not. We attach very little importance to it. But, in the rural parts of the Commonwealth, it is the event of the day or of the week or other period. We ought, therefore, to see that these people get the benefit of a reduction in our postal rates wherever that is possible. If Senator Thomas moves to reduce the postage upon letters to 1d., I shall support him. I do not know whether the requirements of the revenue may not justify the retention for a time of the 1½d. rate. If so, I shall support any attempt which may be made to maintain the existing postal charge.

Senator J. F. GUTHRIE (Victoria) [5.58].—I wish, very briefly, to support the views that have been expressed by Senators Thomas and Keating. The latter, I think, has very clearly proved that the proposed increase in our postal rates will penalize the settlers in the country—the very people whom we wish to encourage. Hitherto, the legislation which has been enacted in Australia has resulted in driving people to our cities. This Bill represents still another pinprick to the outback settler. Let us contrast his position with that of the dweller in one of our cities. I hold in my hand a telegram which I have just received, and in which I am urged to support the modest request that the residents of a particular locality shall get their mail once a fortnight. At the present time they get it once a month. The telegram reads—

A largely signed petition from Territory residents sent to Federal Government praying for fortnightly mail service between Camooweal and Boorooloolo. Can you use influence to assist us?

These poor unfortunate people outback, who are engaged in opening up the country, will be satisfied if they get their mail once a fortnight, whereas city dwellers have their newspapers thrown into their front gardens every morning and afternoon, and if they want the *Midnight Sun*, and choose to stay up for it, they may get that also. We should do everything in our power to make the

lives of the people who live in the country as comfortable as possible. They should get their newspapers and letters at as low a rate as possible. After all, country residents use the post-office far more than does any other section of the community. The circulars and letters which are sent out by city business firms are not addressed to people who live within the metropolitan area. To communicate with these people, business firms use the telephone. But they send out their circulars and letters to the producers in the country. Take, as an example, the firm with which I am associated. I suppose that we receive 500 letters per day, and not 2 per cent. of them are of other than a business character.

Senator RUSSELL.—But the honorable senator's firm is directly bound up with country interests.

Senator J. F. GUTHRIE.—We do not wish to drive people into our cities.

Senator KEATING.—What percentage of those would be ordinary social letters?

Senator J. F. GUTHRIE.—There would not be 1 per cent. of them ordinary social letters. They are letters to people living in the country, giving them information about markets, to enable them to sell their products to the best advantage. The people living in towns have a theatre next door, and I notice that the Government propose to abolish the entertainments tax. They have theatres, a doctor in the next street, chemists, football matches, races, and ice. In towns one has only to turn a tap and water will run out of it. In my election campaign in this little State of Victoria I found a woman in the Mallee trying to rear a family in a hut made of old bags. I asked her how far it was to the nearest doctor, and she said that she had never seen a doctor. It was 50 miles from her place to the nearest doctor or chemist, and her children never saw fresh meat, fresh fruit, or milk. We want people to settle and develop the back country, and we should remember that the settlers on the land are producing 76 per cent. of the total wealth produced by the Commonwealth.

Senator RUSSELL.—As they are doing such useful work they should be subsidized. They will not thank us for the

reduction of merely a penny in the postage they are asked to pay on a letter.

Senator J. F. GUTHRIE.—The Minister overlooks the fact that by reducing the postage rate they may be encouraged to take more newspapers. They are the people who should be supplied with news at reasonable rates, and not the people of the cities, who have all the comforts to which I have referred at less cost, including the remission of the taxation on picture show tickets. We should do all that we possibly can to encourage the people who are developing the country districts, and we should especially endeavour to supply them with better and cheaper mail, telephone, and telegraphic services.

I notice that in this Bill it is proposed that persons living 15 miles from a city, people who have telephones, and who can get on a tram or an electric train, and may enjoy all the advantages and conveniences to which I have referred, are to be charged only 9d. for a telegram, whilst people living further out, who are the backbone of the country, are to be charged 1s. It may, perhaps, not be very much advantage to people to be able to send a telegram, judging from an experience I had on Tuesday last. I sent a telegram from Mortlake to Geelong. It was lodged at 12.40, and though I was not flying, but motoring, I reached Geelong half-an-hour before my telegram. That is a statement of fact, but I do not desire to make disparaging remarks about the telegraphic service generally.

Senator EARLE.—That is an exception; the rule is generally pretty good.

Senator J. F. GUTHRIE.—I support Senators Thomas and Keating in asking the Government to make the postage rate on ordinary letters 1½d. instead of 2d. I do so because I think we should do all that we can to make the lives of settlers on the land more comfortable and attractive than they are at present, and because in this State of Victoria we have the horrible anomaly that 52 per cent. of its population resides in Melbourne. I do not see why people living over 15 miles from the city should be penalized by being charged more for sending a telegram than people living inside that distance. It does not cost any more to send a message along 16 or 17 miles of wire than to send it along 14 miles.

Senator DE LARGIE (Western Australia) [6.5].—I am supporting the increased rates proposed by this Bill, for the very reasons which have been given by Senators J. F. Guthrie, Keating, and others for their opposition to them. I should not readily support an increase in the postage rate if I thought for a moment that these increases in postal, telephone, and telegraph rates would not benefit the residents of country districts, whom we are all so anxious to help. Honorable senators should not confine their attention to the postage rate and ignore the telephone and telegraph rates. We would be very foolish to go back to the 1d. rate on letters, but whether the rate should be increased to 2d. is another matter. I made some investigation of postal rates as a member of a Royal Commission, that presented a very comprehensive report on the Postmaster-General's Department. At the time of the inquiry by that Commission, and as the result of evidence I heard throughout the Commonwealth, I was against any reduction of the postage to 1d., because I recognised, and I think rightly, that any reduction of the revenue from the Postal Department involved a curtailment of the facilities which it could extend to people living in country districts. It is a simple matter to make a success of penny postage within the limited area of a city. When people live close to each other, and letters have to be carried but short distances, mail matter can be handled much more cheaply than it can in more sparsely populated areas. To institute a comparison in this matter between the Commonwealth and a small country like Great Britain or any other densely populated country, is to ignore one of the most important factors which govern the whole business. If I were a postal dictator, I would undertake to run the Postal Department of Great Britain on a penny postage before I would undertake to run the postal business of the Commonwealth on a twopenny postage, because of the enormous distances which mails have to be carried in this country as compared with the Old Country. Honorable senators know that such enterprises as Cobb and Company for the carriage of mails are practically unknown in the Old Country. In the Commonwealth we have to continue that expensive means of carrying mail matter at enormous expense.

I recognise that Senator J. F. Guthrie and other honorable senators who have spoken on this Bill are very anxious to help the people living in the country districts, but in my opinion they make a grievous mistake when they propose to take a course of action which must result in the curtailment of revenue from the Postal Department. How can they expect, with a reduced revenue from the Department, that it will be in a position to increase the postal, telephonic, and telegraphic facilities given to country people? I do not often get the opportunity to visit Western Australia, but when I am there I put in very little time in Perth or the other cities. I live most of my time there in the country, and from my experience of country people I am sure that they would gladly pay increased rates if they could secure the facilities they desire. If there is one public service more than another in connexion with which it may be said that we starve the people, it is the telephone service. There are few countries in the world in which the telephone is so little used as in Australia. We are an up-to-date people in many things, but in the extended use of the telephone we are a very backward people. In the country districts I know of nothing that is so much appreciated in a home as the telephone. If the woman of the house is able to ring up a neighbour on the telephone and exchange conversation with her, honorable senators will agree that that must have a wonderful effect in making her more satisfied with her comparatively isolated condition of life. The extension of telephonic facilities to country districts must tend greatly to satisfy the social craving of people in those districts, and we could not do better in their interests than to assist in securing for them telephone facilities. This Bill puts it within our power to minimize the lonely life of the bush by putting a telephone into the home of every resident of the country.

Our telephone system is, perhaps, one of the cheapest in the world.

Senator DUNCAN.—And the worst.

Senator THOMAS.—No, it is not.

Senator DUNCAN.—I was referring to Sydney. It is pretty good here, but it is awful in Sydney.

Senator DE LARGIE.—Complaints about telephone systems are heard in

every country in the world. They are not perfect anywhere, but I believe that our telephone system is as good as that of most countries. We cannot look forward with any hope of securing better postal, telephonic, and telegraphic facilities for the country unless we derive an adequate revenue from the operations of this Department. I know that on several occasions the Department has been asked to extend the telephone system to the place where I live when in Western Australia, but the answer has always been that they have not the revenue to enable them to do so. The people of the district are compelled to make use of the railway telephone, which belongs to the State, and is but a poor substitute for a Commonwealth system. The railway officials do their own business over their telephone lines, and the local residents must take advantage of opportunities when the telephone is not in use by railway officials, and at unusual hours, and on Sundays all telephonic communication is hung up. If women are suddenly taken ill doctors cannot be communicated with. Men engaged in the bush in dangerous callings, such as clearing, are often the victims of accidents, and it is impossible to readily summon assistance for them. It is because of the lack of revenue that we have not our own telephone service established in these places, and we cannot expect to have them established unless more revenue is derived from the Department. I hope in the circumstances that honorable senators will not support any proposal in the nature of cheeseparing, but that they will agree to the proposed increased rates, in order to enable country services to be established wherever possible.

Senator Keating has quoted some figures with respect to postal rates which must be very old. I think the honorable senator will find that in the United Kingdom there has been an increase in the rates he quoted. The Postmaster-General would scarcely quote figures in this connexion about which he was not sure. So far as I know the figures which the Minister quoted are correct, and he has referred to the fact that there has been an increase in the postage rates of the United Kingdom from 1½d. to 2d.

The rate in South Africa has been increased from 1d. to 1½d., and in New Zealand from 1½d. to 2d., although New Zealand is a smaller country than ours by far. Our telephone rates are ridiculously small compared with those of other countries. Honorable senators will find that country people are quite prepared to pay as much for their telephones as the people of other countries do, provided that they are given the facilities. They do not want telephones at £4 and £5 a year. They are prepared to pay double that amount if we will actually give them a telephone service. We have a very cheap rate for the carriage of newspapers, I suppose the cheapest in the world. Therefore, taking the whole of our charges in connexion with the Department, our rates compare more than favorably with those of most other countries. I do not agree with Senator Thomas that this is a new method of taxation. I look on it as a fair charge for services rendered to the community. Whilst we cannot in every instance insist that every service shall pay just whatever it costs, if we so manage that the Department as a whole pays its way as nearly as possible, I think we shall be going on safe and proper lines. There are many services that we cannot expect to pay. For instance, in some places outback it costs 2s. 6d., and sometimes as much as 3s. or 4s. to carry a letter. We can, however, make the Department as a whole pay, and that is the proper system which we should strive to establish. To call these increases in rates "more taxation" is to use language very loosely. In a small State like Victoria, which had 1d. postage before Federation, it may be possible to make it pay, or approximately pay.

Senator THOMAS.—New South Wales is not a small State.

Senator DE LARGIE.—It is not, but it is much more thickly populated than any of the others, with the exception of Victoria. It may be possible to make 1d. postage pay in Victoria, but I am sure it could not be made to pay in Western Australia, Queensland or South Australia, which have enormous areas. It is not possible to make a comparison between the cost of running the Department in States like those, and in a State like Victoria. We must do something to assist the Department to get out of the condition that it has been in for so

long. We hear constant complaints, and never seem to get satisfaction from it. The primary reason is that there is not sufficient revenue coming in to work the Department as it should be worked. Let us endeavour to get sufficient revenue, and when that revenue is secured we can insist on services such as we have never been able to have in the past. We know that the price of everything has gone up. We cannot expect rates ever to get back to the modest figures of the past. Not only wire, but every kind of material used in the Department—and it uses many different kinds—have undoubtedly increased considerably in price, and the average wage in the Postal Department has gone up nearly £60 per annum. That being so, there is only one thing for us to do, and that is to increase the rates. When they are increased we can surely expect a much better service than we have had in the past. If we cannot get it then, the fault must be looked for in the management of the Department. It will not be possible for a Postmaster-General to say then, as Postmaster-Generals have invariably said in the past, "I am sorry I cannot comply with your request. I recognise the claim you have for a telephone service or a better postal service, but the funds of the Department are in such a state that I cannot recommend it." It is time we tried to get enough money into the Department to make it pay, and to give those facilities which we have all acknowledged should be given. Unless we agree to a proposition of this kind when it is before us we shall be only beating the air when we ask later on for greater facilities, because we shall have refused to provide the money necessary to carry them out.

Senator PRATTEN (New South Wales) [6.22].—I should not have intervened in the debate except for the purpose of putting one or two new points of view.

Senator Thomas, Senator Keating, and I think Senator Payne, pleaded for the retention of the postal rate on letters at the present figure of 1½d.

Senator THOMAS.—I said 1d.

Senator PRATTEN.—Then I will take the plea of Senator Keating, the effect of which would be to reduce the anticipated revenue during the present financial year by some hundreds of thousands of pounds. The amount of money

allocated from revenue, and required for the increased salaries and services of the Department this year in all its branches, is close upon £1,500,000. Many appeals have been made in this Chamber to put the services of the Department in a state of reasonable business efficiency. During the war years a continuing pressure was imposed upon the ex-Postmaster-General (Mr. Webster) to pare down his estimates and expenses until they were actually cut to the bone. I believe that during the last year of his postal administration Mr. Webster showed a business profit from the Post and Telegraph Department of about £500,000. That was calmly appropriated by the Treasurer of the day, and went to pay for something else. It was probably allocated towards war services.

Senator DE LARGIE.—Was it not appropriated to make up for many of the deficits that the Department had shown in past years?

Senator PRATTEN.—It is likely that the late Treasurer (Mr. Watt) thought that if he appropriated the £500,000 profit made by the Department then administered by Mr. William Webster, he would be able to show £500,000 more towards the cost of the war, and, consequently, make a better Budget, and, perhaps, dodge further taxation to that extent. What happened? The whole of the services were cut to the bone. Economies were made here, and cuts were made there, until the services almost reached the point of confusion. Certainly the officers were unable to carry on the services efficiently, partly because many of the expert officials went to the war, and partly because of the shortage of money. The Department during the last two or three years in almost all its branches has been a by-word to the community. The public have lost their old feeling of certainty of letter deliveries or ordinary telegraphic deliveries. They have given up hope. Speaking from the standpoint of my own State, the Sydney telephone services have arrived almost at a state of chaos owing to the shortage of money to buy material when it could have been bought.

Senator THOMAS.—Like every other member of this Parliament, I received a pamphlet from Mr. Webster stating that

when he went around Australia he found that people complained very little.

Senator PRATTEN.—When the officials themselves apologize for the state of the Sydney telephone service, we know that there is a great deal wrong. Some of my personal experiences in connexion with telegrams and letters through the post-office in this Parliament are among the worst I have come across in my business experience.

In this debate appeals have been made to the Government to reduce the revenue of the country during the current financial year by some hundreds of thousands of pounds. It is a little late in the day to do that. The time to do it was when the Bills came before the Senate, by which we incurred statutory obligations for the expenditure of money. Only a month or two ago the Senate, in spite of the protests of some of us, passed a vote for £500,000 for the purpose of helping soldiers to form co-operative societies in the country. One honorable senator appeals for increased allowances to old-age pensioners, another for an increase of the maternity bonus and a third for an extra payment to the blind. All these things, if indorsed by Parliament, make a sum total of statutory obligations that we have to meet by additional revenue. I have spent some time in analyzing what the Budget means. So far as I can make out, our statutory obligations, including £90,000 to Tasmania, the *per capita* grant to the States, the cost of running the Post and Telegraph Department, including the £1,500,000 increase over the cost last year, old-age pensions, interest, Northern Territory Redemption Fund, and many other items, commit us to an expenditure of £91,665,000. To meet this we have total receipts, from taxation and loans, of £98,864,000.

Sitting suspended from 6.30 to 8 p.m.

Senator PRATTEN.—At the dinner adjournment I was pointing out that the statutory obligations that have been specifically passed by this Senate in connexion with our national finance were within £7,000,000 of the total estimated expenditure from both revenue and war loans. The Post Office, I think, has been very liberally dealt with by the Government in the Estimates that will reach us from another place in due course. I think

that yesterday we passed a sum of about £900,000 on account of the ensuing financial year. As compared with last year, this is nearly six times the amount for the particular items specified. It must not be forgotten, either, that wages have been considerably increased, and that the cost of administration of the Post Office is, so far as I can gather by a cursory glance at the figures that have been presented to us, £600,000 more this year than ever before. According to the Estimates, the 2d. postage rate will bring in £750,000 extra, and the difference between this sum and the £1,000,000 extra which it is expected the Post Office receipts will aggregate is made up by additional charges for telegrams and telephones. The financial position of a Government is not exactly the same as that of an ordinary trading institution. We have to make our income equal our expenditure, but an ordinary trading concern fits its expenditure to its income, or, in other words, cuts its coat according to its cloth. I do not want to repeat myself, but I wish to emphasize the fact that time and time again objections have been made by the economists in this chamber to what is sometimes regarded as extravagant expenditure, yet, in spite of this, we have passed Bill after Bill imposing additional expenditure on the Government, and now "the chickens are coming home to roost." We have to get the money. The question is, how best to get it. I see that the entertaining Melbourne press have coined a phrase indicating that this financial statement of the Treasurer is a "knock-out Budget." It certainly is, so far as the entertainments tax is concerned, and I do not altogether agree with its policy in that respect. I would be quite prepared to support the weighty arguments that have been adduced in this chamber in favour of keeping the postage at its present rates, if there were any reasonable expectation of raising money in some other direction. I had in mind even a proposal to knock out the proposed remission of the entertainments tax, in order to keep the postage rates on letters where it is, but I am in this difficulty: The rejection of the Bill to remit portion of the entertainments tax would only give us about £250,000 per year, and I am a bit doubtful as to the constitutional position of the Senate. We cannot impose taxation,

Senator Pratten.

and the rejection by the Senate of the Bill to which I refer would, in effect, be increasing taxation.

Senator KEATING.—We cannot amend any proposed law so as to increase any burden or charge upon the people.

Senator PRATTEN.—No; but the Entertainments Tax Bill is for the purpose of reducing taxation, and I am not sure whether, constitutionally, we can deal with it at all.

But to come back to the point, I believe that if the rejection of that measure would give us additional revenue aggregating anything like the loss of anticipated revenue from the reduction of the present postage rates, the temper of the Senate would be to keep the postage rates at its present level and make the people who go to picture shows pay.

Senator THOMAS.—Then you are dealing with postage as a taxation measure, and you are making the Post Office a tax collector.

Senator PRATTEN.—I am in this difficulty: The statutory obligations of this Parliament so far amount to £91,000,000, and the total revenue—loans and all—will be only £98,000,000. By keeping postage at its present rates we are going to lose, according to the Budget Estimates, approximately £750,000, and as one of the representatives of New South Wales I am not going to risk further inefficiency in the Post Office. We have had quite enough of that already. The war is over. It is nearly two years since the armistice was signed. The skilled employees of the Department are, I hope, back at their jobs; and if we give the Postmaster-General sufficient money to carry on we have a right to expect efficiency in the Department. If we do not get it we can then properly blame those who are responsible.

Senator DE LARGIE.—Give them enough money to carry on in the first instance, then.

Senator SENIOR.—Did the honorable senator say that the Budget gives the Post Office £600,000 more than last year?

Senator PRATTEN.—No; I said that it gives a sum total, so far as I can gather, of £900,000 more to carry on with, but that it will also cost about £600,000 more for administration, so that the total increase, apart from capital cost, will be in the region of £1,500,000.

There is another phase to this question, and that is its inter-Imperial uniform postage aspect. The British Government recently imposed twopenny postage for the United Kingdom, and by imposing a similar postage rate in Australia we shall come into line with the British and New Zealand Governments—with the 2d. inter-Imperial rate and a 2½d. rate for outside countries.

Senator KEATING.—That is not the New Zealand rate.

Senator PRATTEN.—I understand the New Zealand Government are raising their rates.

Senator KEATING.—They are raising it ½d. for 4 ounces—not as in Australia, to 2d. per ½-oz. letter.

Senator PRATTEN.—I am not dealing with the question of weights, but with the question of an inter-Imperial postage rate. According to the latest British Budget, the postage rate on letters, irrespective of weights, has been increased from 1½d. to 2d., and I understand the New Zealand Government are doing the same, so that if we bring our rates up to 2d. we shall have inter-Imperial unity.

Senator THOMAS.—What advantage is that?

Senator PRATTEN.—I do not say it is any advantage. I am merely referring to it as one phase of this question.

Senator SENIOR.—Then, to be logical, you should carry the argument further and apply it to the income tax as well.

Senator PRATTEN.—I do not think my honorable friend has any precedent for that observation, whereas we have a precedent in connexion with the postage rates.

Senator THOMAS.—Then let us make a precedent.

Senator PRATTEN.—I am not at all averse to the Senate as now constituted—we have a better Senate than there has been for many years—setting up such a precedent, and, if necessary, I am prepared to help my honorable friend.

But, in connexion with this postage rate, my difficulty is that of finance. I listened with a good deal of sympathy to the argument that any increases in the postage rate on newspapers would penalize the people in the country more than the people in the town, and I am reminded that we are continually calling out to our people, "Produce, produce. Go on the

land, young man." We ought to be practical in our legislation. If it were not for the spectre of finance, I would vote for a proposition to keep letter postage where it is, and if, as a result, we lost about £750,000 of anticipated revenue, to be logical we should have to reject the Bill that is coming before us for the remission of part of the entertainments tax.

Senator KEATING.—Why not?

Senator PRATTEN.—I am putting the position before the Senate as it appears to me. I believe that if there is anything the matter with the Budget, it is that it does not impose enough taxation. On several occasions in this Chamber I have expressed regret that, in former years, Governments have not faced this question of taxation in a satisfactory manner. I believe that had the Government desired to impose taxation in war time the people would have been less critical than now. Although we are not approximating to the healthy finance of the Mother Country, we are doing much better now than ever before, and, in my opinion, this Budget goes a long way towards placing Australian finances on a reasonable basis.

Senator THOMAS.—Leaving out the Budget, what are you going to do about this Bill?

The PRESIDENT (Senator the Hon. T. Givens).—I must ask the honorable senator not to be led by interjections into a discussion of the Budget.

Senator PRATTEN.—Yes, Mr. President. But this question of Post Office revenue is so inextricably mixed up with the Budget that I cannot help myself. In the Budget there are the figures relating to the Post Office, approximating £10,000,000 out of a total of £90,000,000; and running through the whole of the Budget there are frequent references to the Post Office, or matters in connexion with it. I sit down in a difficulty about this matter. My difficulty is that, even if we do continue the imposition of the entertainments tax as it stands to-day, and keep the postage at 1½d. per letter, we shall be £500,000 short in our anticipated revenue.

Senator SENIOR (South Australia) [8.15]—I have looked very carefully into this proposal, but, perhaps, not as closely

as has Senator Pratten. If I understand this matter aright, the halfpenny increased postage which was imposed as a war tax will now be transferred to the Postal Department, so that the Postmaster-General will receive an increase in revenue as far as postal work is concerned. It would appear, therefore, that the Department will be receiving an increase of 100 per cent. in one jump—the Department will benefit by 100 per cent., but the public will not be charged to that extent. The additional revenue will go towards meeting the difficulties with which the Department has had to contend. There are also to be increased rates on telegrams, and for the use of the telephone. The increase in the telegraphic rates, as honorable senators will have noticed, is 50 per cent. in the metropolitan area, 33½ per cent. within a State, and, approximately, 25 per cent. on Inter-State messages. The increased income is very extensive, and I think Senator Pratten, if he goes into the question more closely, will find that it is very much higher than he has anticipated. It appears to me that if we allow the postal rate to remain as it is, and impose additional charges on telegrams and telephones, we shall be giving the Department considerable assistance and easing its responsibility to a large extent. As has already been pointed out by honorable senators, the increased postage on letter-matter affects more particularly those who are living in the backblocks, and persons living in Melbourne or in any other capital city of the Commonwealth are apt to forget that the proposed alterations will affect residents in every part of Australia. Senator Pratten said we are continually urging men to go on the land, but at every turn we are making it more difficult for them to make rural life profitable and pleasant. Personally, I think that, for the present year at any rate—seeing that the Post Office is to receive, approximately, £745,000, which in the past has been a war tax—we should allow the rate on letters to remain unaltered. It must be remembered that the sixpenny telegrams are not of any great advantage in a city such as Melbourne, because the telephone is utilized to a great extent as a means of communication. In imposing an extra 3d. on telegrams there will not be any great gain

Senator Senior.

in the metropolitan area, and instead of the ninepenny State telegram it would be better to have that rate uniform with the Inter-State rate, which is 1s.

There is also another phase of this question that must not be overlooked. It must be remembered that taxation must be considered as distinct from revenue, and we ought to keep the Postal Department out of the question, and not look upon the Postmaster-General as a tax gatherer. Taxes are gathered through the medium of the Customs House, and the Land and Income Tax, and other Departments, and it should be our endeavour to keep taxation within those boundaries, and not allow it to enter the Postal Department, because by doing so we are hampering that free interchange which is a great benefit to the community. It is not my intention at this juncture to discuss the question of penny postage, because I believe that can be left until our indebtedness is much less than it is to-day. I believe that the change that has been foreshadowed will be the means of meeting the requirements of the Postal Department, and give it sufficient funds, at any rate for twelve months, to develop and proceed with work as soon as the necessary material arrives. It has been suggested that the Postmaster-General needs more revenue, because higher salaries will have to be paid. If that were brought forward as a special reason for the increased rates there may have been some justification, but that has not been mentioned by the Minister. He has stated that the additional rates are to be charged because the cost of certain telephonic and telegraphic material has increased.

Senator PRATTEN.—I should think that the question of wages was not such an important factor as that of material.

Senator SENIOR.—I do not think so, because it has to be remembered that the cost of telegraphic and telephonic instruments has increased considerably.

Senator DRAKE-BROCKMAN.—There is no reserve stock in the country. That has to be built up.

Senator SENIOR.—That is so. The honorable senator must remember that this is not put forward as an emergency measure, and the argument he is advancing is purely an emergency one. Taking

the figures generally, and knowing what has been the result in the past, we shall be limiting our income if we further increase the postage rates, and we shall also be limiting the usefulness of the Post Office if we place a further encumbrance upon newspapers. In one way it may be beneficial, as it will enable some post offices to overtake arrears of work which at present are a long way behind.

Senator DRAKE-BROCKMAN.—That is due to inefficiency.

Senator SENIOR.—That argument does not enter the question, as it is one of finance, and not efficiency. It is a well-known fact that much of the printed matter that goes forward to post-offices is left for a convenient time before it is sorted and delivered. I have been told that some newspapers are almost dead and forgotten before they are delivered from the offices. The Government would be well advised if they accepted the suggestion which has been put forward by certain honorable senators, and allowed the postage rate to remain as at present. If the Postmaster-General (Mr. Wise) should find that the amount at his disposal is insufficient, Parliament will have an opportunity of considering an application for additional money. I do not wish to hinder the passage of the Bill, but I think there is a strong feeling amongst honorable senators that the postage rate of 1½d. is sufficient for the present, because, with the additional revenue to be derived from increased telegraphic and telephonic rates, the Postmaster-General should be able to place his Department on a satisfactory basis, and at the same time render an efficient service.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [8.28].—It is not my intention to speak at length in reply to the speeches that have been delivered on the second reading; but there are one or two important matters to which I wish to refer.

Reference has been made to the rates of postage in Great Britain and other countries. Prior to the war Great Britain received £6,000,000 a year from the Postal Department, and this year she has increased her rates by 33 per cent. I regret that the figures given by Senator

Keating were not up to date; but I realize that he submitted them with the best intentions. There are later rates than those which he quoted, and although I have not details of them I am in a position to say that they are higher.

Senator KEATING.—They may be contained in the last British Budget, but they were not in force when the last English mail left.

Senator RUSSELL.—The outstanding increase in this proposal is the basic letter rate, which is increased by 33½ per cent., because the present postage is 1½d. per ½oz. There are no further increases proposed in regard to newspapers, as it has always been the policy to make them available to the people of the Commonwealth at the very lowest price. In New Zealand the newspaper rates have increased by 100 per cent., and in Canada by 300 per cent., during the past two years.

Senator KEATING.—But they take 4 ozs. where we take only a half-ounce.

Senator RUSSELL.—I am not dealing with letter matter, but with newspapers. The policy of the Government has been to extend and cheapen facilities for the dissemination of newspapers through the medium of the Post Office. We propose to increase the charges by 3d. in the case of telegraphic messages containing sixteen words. In the United Kingdom the rates have recently been increased from 9d. for twelve words and ½d. for each additional word, to 1s. for twelve words and 1d. for each additional word, which represents an increase of 33½ per cent. on the initial rate, and 100 per cent. on the rate for extra words.

Senator PRATTEN.—I think that it is 1d. per word extra which is charged there.

Senator RUSSELL.—When we consider the short circuits which obtain in Great Britain, and remember the magnificent distances which have to be covered in Australia, we must recognise that our rates do not compare unfavorably with those of the Mother Country. In South Africa, the rates were recently increased by approximately 33½ per cent., the maximum number of words for the initial charge being twelve as compared with sixteen words in the Commonwealth.

Senator SENIOR.—Do the twelve words include the address of the sender?

Senator RUSSELL.—That is a mere detail, but I think that they do. In New Zealand the rates have been increased from 8d. for twelve words and $\frac{1}{2}$ d. for each additional word, to 1s. for twelve words and 1d. for each additional word, an increase of 50 per cent. on the initial charge, and 100 per cent. on the secondary rate. It is estimated that the new rates on ordinary telegrams will bring in about 25 per cent. increase in revenue, and a proportionate increase in the rates for press messages is also proposed.

The policy of Australia has not been to regard the Post and Telegraph Department as altogether a commercial concern, because we recognise the national importance of developing our back country by granting every possible facility to settlers. But if honorable senators imagine that they are going to promote settlement by means of penny postage alone, they are sadly mistaken. That is too small a matter to affect settlement to any great extent.

Senator J. F. GUTHRIE.—It all helps.

Senator RUSSELL.—But penny postage throughout the Commonwealth would assist the promotion of settlement much less than will the granting of adequate postal facilities. Hitherto we have had to tell our people that we could not grant them such facilities. There are members of this Chamber who cannot get the use of telephones to-day because the exchanges are full. Quite recently, a gentleman in Sydney wrote to me complaining that he could not get the telephone connected with his place of business.

Senator KEATING.—For want of the necessary money on the part of the Department?

Senator RUSSELL.—For want of material.

Senator KEATING.—If the Department has the money, it has not the instruments which are required.

Senator RUSSELL.—We have to recover from these set-backs. I am doubtful whether we could have provided the money which was required even had the material been available. I believe that extended postal facilities are more essential in Australia to-day than is the adoption of penny postage. When our large warehouses send out circulars to farmers and others, we ought to remember that it is the consumer who has to pay the

postage upon them, because the charge is always passed on to him.

Senator KEATING.—So that he gets hit both ways.

Senator RUSSELL.—Every tax of which I have any knowledge is passed on to the consumer. What is the use of the Government saying to the settlers in our back country, "We cannot supply you with a telephone, because we have no money, but if we had we should supply the telephone to you at a cheap rate"? From my experience of the Postal Department, it is not the cost of which complaint is made; it is the lack of material.

Senator PRATTEN.—The lack of efficiency.

Senator RUSSELL.—Not altogether. I believe that the staff of the Postal Department has done the very best that was possible with the money which was at its command. I have heard complaints which, when investigated, showed that it was impossible for the officers of that Department to take the necessary action because of the lack of necessary materials.

No provision has been made in our Loan Act for the Post Office, and consequently we shall require to borrow £4,500,000 for the ordinary works of that Department. The Post Office occupies an entirely different position from that which is occupied by a naval depôt or an ammunition works for defence purposes, because it is, to some extent, a commercial concern. Although the Government have not attempted to extort, through the medium of the Post Office, the last penny from the community, it was never intended that the Department should be a charitable institution. The various services connected with it ought not to be run for profit, but they ought not to be maintained at a loss. They should be made to pay.

Senator THOMAS.—The Vice-President of the Executive Council is upon our side.

Senator RUSSELL.—I am not. No provision has been made anywhere, save in this Bill, for the raising of money for the extension of postal facilities. Of course, we ought not to borrow for works which are of a temporary character. We are, however, justified in borrowing for works of a permanent character. Senator Pratten pointed out, and I agree with him, that it would have been better for this country had we imposed more taxation to provide for our war expenditure.

We cannot develop Australia unless we have the requisite money with which to do it, and if this Bill does not provide the revenue which we require for extended postal facilities, no other provision has been made to obtain it.

Senator PAYNE.—Has not provision been made for a considerable extension of postal facilities to out-back settlers this year?

Senator RUSSELL.—As far as possible that has been done.

Senator J. F. GUTHRIE.—If the Government secure the adoption of two-penny postage, will they give the country districts better mail and telephonic services?

Senator RUSSELL.—Yes, that is our intention. Of course, no matter what money may be available for the purpose, we cannot carry out that particular job expeditiously, because all material needs to be ordered twelve months ahead.

Senator PRATTEN.—Was not the original trouble lack of money when the material was available?

Senator COX.—The material was never available, no matter what money the Government may have had.

Senator RUSSELL.—The facts are familiar to honorable senators. The Government attempted to battle along during the war period as best they could, leaving the Post Office in its present inefficient state. We now desire to bring it up to date. The telephone service in Melbourne is so backward that I unsuccessfully endeavoured, upon eight or nine occasions to-day, to get into communication with the Central Wheat Board. I wasted an hour and a half in my efforts.

Senator KEATING.—Experience should have taught the honorable gentleman that it would have been quicker to walk down to the office of the Wheat Board.

Senator RUSSELL.—Unfortunately, the Senate would not adjourn in order to permit me to do so. Wherever one goes he finds that the telephone service is in a bad condition owing to the lack of requisite material. We have endeavoured to avoid the imposition of additional taxation as far as possible; but to keep back the development of the country by withholding adequate postal facilities would be a suicidal policy. For other works, which are equally important, we shall need to borrow £5,000,000 next year, not because we desire to rush works

ahead, but because we are behind in most of these undertakings. Upon one job, which was started before the war, we are losing money very heavily, simply because it has not been completed.

Senator J. F. GUTHRIE.—The Government should not have scrapped the entertainments tax.

Senator RUSSELL.—It has not been scrapped altogether. If we imagine that we can reform the world by collecting £240,000 annually from the women and children who attend our picture shows, God help us! Surely this Parliament has a bigger soul than that. The proposition with which I am now dealing is a much larger one, because a quick, reliable and efficient postal service is absolutely necessary for Australia during the period of post-war reconstruction. I ask honorable senators to agree to the second reading of the measure, and to afford the Government an opportunity to make the Post Office self-supporting.

Question resolved in the affirmative.

Bill read a second time.

In Committee:

Clauses 1 to 4 agreed to.

Clause 5—

Part I. of the First Schedule to the principal Act is omitted, and the following Part inserted in its stead:—

“PART I.—NEWSPAPERS.

On all newspapers, printed and published in Australia, posted for delivery within the Commonwealth (without condition as to the number contained in each addressed wrapper)

One penny and a half-penny per twenty ounces on the aggregate weight of newspapers posted by any one person at any one time: Provided that the minimum amount of postage payable on the aggregate weight of newspapers so posted shall be One shilling.

Senator KEATING (Tasmania) [8.44]. I intimated, during the discussion upon the motion for the second reading of the Bill, my intention to ask the Vice-President of the Executive Council (Senator Russell) to consider the advisableness of striking out the proviso which appears in the second column of this clause. The rate of 1½d. under this clause represents a rise of ½d. on the existing

rates, but I draw particular attention to the proviso:—

Provided that the minimum amount of postage payable on the aggregate weight of newspapers so posted shall be one shilling.

Senator ROWELL.—What does that mean?

Senator KEATING.—It means that if a news agent sends out to a sub-agent in a little country town five or six copies of a particular newspaper which is not ordered so freely, say, as *The Bulletin* or the *Sporting Judge*, he has to pay at least 1s. in postage on that small parcel.

Senator Cox.—The newspaper proprietor will pay that.

Senator KEATING.—No. The sub-agent in his turn distributes those five or six papers to customers who come to his place.

Senator RUSSELL.—The original agent could send them to any address he liked.

Senator KEATING.—Every one knows that, but the news agent cannot take from the sub-agent his particular customers. This proviso simply plays into the hands of the big publishing houses and the newspaper proprietors. A newspaper published in Sydney or Melbourne is sent to Hobart and Launceston. The Launceston agent may take 300, of which he distributes 200 in Launceston. Of the remaining 100 he perhaps sends twenty to Longford, seven to some other town, and six to some other store or shop. On each of those parcels, even if it only contains five or six papers, the minimum postage is 1s. The Minister suggests that the Launceston agent can send them to the individual subscribers, but he does not know them, and, moreover, the local sub-agent hands them to his customers when they come to his store, where they probably buy other goods, and perhaps pay for the papers as they get them. This clause will drive those individual subscribers, unless they are numerous enough to justify the payment of 1s. postage, into having either to cease to subscribe, or to send to Launceston or Melbourne to have the papers sent to them direct, because the Launceston agent would get nothing out of sending those few copies through the post separately. Even if they were American or other foreign papers, they could be sent individually to these people in the country towns at the rate of 1d. each, but as the clause stands, the sub-agent cannot get a small parcel of Australian papers sent to him except on pay-

ment of a minimum charge of 1s. Let us strike out this proviso. What is the advantage of it? It will only congest the circulation of the papers into the larger areas of population.

Senator RUSSELL.—A firm like Gordon and Gotch receives books or papers by post from other countries by the hundreds and thousands, and distributes them. Don't you think we finish our job when we deliver them to Gordon and Gotch? Must we provide them with a cheap system to distribute them to other people?

Senator KEATING.—I am not asking for anything of the kind. This proviso applies to newspapers printed and published in the Commonwealth and sent to *bonâ fide* subscribers through *bonâ fide* agents for distribution. The Government have taken upon themselves responsibility in this clause for that system. What the Minister does not see is that there are *bonâ fide* agents in certain localities who have to supply only five or six subscribers with copies of a paper. Why should those subscribers be denied the benefit of these rates simply because of the paucity of their numbers? The large distributors get the benefit of the bulk postage, but it is denied by this proviso to the smaller distributors in the country towns, although they are still *bonâ fide* news-agents. If the proviso is passed, it will be a genuine grievance to local distributors and subscribers in small localities. They will say, "What else can you expect? It is Melbourne all the time. That is all that the Federal Parliament will look to when it is making provision for anything of this kind." Let us not have that reproach added to us in this case. Let the Government carry out the spirit of the bulk concession, so far as every *bonâ fide* distributor is concerned, whether he is a big Melbourne magnate or a small sub-agent in a remote portion of the Commonwealth.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [8.54].—There seems to be some misunderstanding. The services rendered in the two cases are entirely different. Waggon-loads of newspapers, which ultimately go to different districts, are sent down every night to the post-office and the railway station, but the sender gets the benefit of the bulk postage, even

though he is despatching 500 single newspapers to 500 single individuals in 500 different towns. If the minimum charge is reduced below 1s., we may find that the Post Office is giving too great a service for the money. At present, all the sender has to do is to cart his own mail to the post-office. Is it worth extending the concession any further? There is a difference between the retailer and the wholesaler, because the bigger the business, and the more it is handled in bulk, the cheaper can the handling be done.

Senator KEATING.—I am simply asking you to stick to the present system and be satisfied with the increase of 50 per cent.

Senator RUSSELL.—This proviso is probably introduced because of abuses of the present system. Nothing has been more abused than the definition of a newspaper in order to get the concession of bulk carriage through the post.

Senator KEATING.—No justification of that sort has ever been put forward for this proviso.

Senator RUSSELL.—I think the 1s. minimum will get over the difficulty. The point does not seem very important, but it may be necessary for the practical working of the Department. The clause is not introduced to assist private individuals to push some little newspaper for a special cause. The idea is to give the benefit of cheap postage on newspapers, particularly the big papers, to the general public. We do not want to penalize smaller papers unduly, but we should not give them special privileges.

Senator KEATING.—I am asking that the existing law shall remain. It probably would have remained if the country postmasters instead of Melbourne officials had had a say in it.

Senator RUSSELL.—The clause is recommended by the Postmaster-General, who probably made full inquiries beforehand. The Department wants it to insure the successful working of the concession.

Senator EARLE.—If a news vendor in Melbourne sends parcels addressed to Bendigo, Ballarat, and Castlemaine, is the postage taken on the aggregate?

Senator RUSSELL.—Yes. I am assured by the officers of the Department

that no mistake has been made in this clause.

Senator THOMAS (New South Wales) [8.58].—Senator Keating has made out a good case, although when he began I was not altogether with him. I am not very favorable, and never have been, to this part of the Bill. The newspaper rates under this clause are altogether too low. People try to register all sorts of prints as newspapers, and it is very difficult to decide what a newspaper is. Some of them are so light that eighty copies will not make up 20 oz. For 1d., eighty of those so-called newspapers can be posted at the Melbourne General Post Office and sent to any place in Australia. I would rather see the principle established of every separate newspaper having to pay $\frac{1}{2}$ d. postage, but the Government have not proposed that. They are continuing the system of allowing newspapers to go through in bulk. The reason that was done under Federal control was this: When Federation was established all newspapers in New South Wales were sent through the Post Office free.

Senator KEATING.—And in Tasmania.

Senator DRAKE-BROCKMAN.—Also in Western Australia.

Senator THOMAS.—In Victoria the rate was $\frac{1}{2}$ d. for every newspaper. After Federation the representatives of New South Wales, and probably also of Western Australia, endeavoured to secure free distribution of newspapers throughout the Commonwealth, but a difficulty arose as to the definition of a newspaper.

Senator DUNCAN.—That is simple enough. A newspaper is any publication that abuses members of Parliament.

Senator THOMAS.—If the honorable senator can discover a definition that will satisfy the Postmaster-General the Minister will be very pleased indeed. The clause as it stands will penalize the country newspaper, but will not affect big city newspapers like the Melbourne *Argus*, the *Age*, the *Sydney Morning Herald*, and the *Daily Telegraph*, because, as a rule, they are all 4 or 5 ounces in weight, and could easily make up the bulk weight required to take advantage of the bulk rate. The small country newspaper, on the other hand, is, as a rule, so light that a very large number would have to be posted to come under the bulk rate,

and in many cases it would be necessary to pay the minimum charge of 1s.

Senator RUSSELL.—A country newspaper printed in the country will have the advantage of the bulk rate, because the whole of the papers may be sent in to the office in one bundle.

Senator THOMAS.—Senator Keating's contention is quite right. I have here a paper printed in Broken Hill. It probably does not weigh more than $\frac{1}{2}$ ounce, and I should say that, in order to come under this provision, the publisher would have to post over forty or pay a minimum charge of 1s. The clause will not prevent the bogus newspaper from being distributed in bulk through the Post Office if a sufficient number of them are posted at one time. The only way to prevent the bogus newspaper from taking advantage of this provision would be to charge $\frac{1}{2}$ d. upon every newspaper, as is done in New Zealand and England. If the Government intend to penalize the small country newspaper in this way I shall be in favour of knocking out the provision altogether and putting all newspapers on the same level.

Senator DE LARGIE (Western Australia) [9.8].—As I understand the provision, it is the intention to help the country newspaper proprietor in the distribution of his paper. Senator Thomas contends that we are giving him a concession at the expense of the general taxpayer, and yet in the same breath he says we are going to confer benefits on the big city newspapers.

Senator THOMAS.—That is just what the Government are doing.

Senator DE LARGIE.—We have handled newspaper mail matter in this way for many years, and we know what it costs. If now we introduce a new system we may do an injury to those we intend to benefit, for we will not know if it is going to be more economical or if it will help the small country newspaper.

Senator KEATING.—This proviso, which I desire to have eliminated, is the innovation.

Senator DE LARGIE.—I am afraid, then, that neither Senator Keating nor Senator Thomas was very successful in demonstrating this fact, for, while I was able to follow Senator Keating's argument, I came to the conclusion, after listening to Senator Thomas, that there

was a good deal of confusion about the matter.

Senator SENIOR (South Australia) [9.12].—I should like to put the case of newspapers printed in a country district and distributed, over an area of 150 miles, in a number of small towns.

Senator RUSSELL.—In that case the newspapers would be all taken in one bundle to the Post Office, and would come under the bulk newspaper rate.

Senator SENIOR.—Even if they were despatched to different towns by train or coach?

Senator RUSSELL.—Yes.

Senator SENIOR.—As the proviso is worded it appears to mean that in this secondary distribution the newspapers would have to pay the minimum charge of 1s., as they would not come within the provisions of the Bill.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [9.14].—If there is any doubt about the interpretation of the clause I will give it further consideration. There seems to be some confusion about the everyday practice of the Postal Department in regard to the bulk handling of newspapers, and in order to satisfy honorable senators I should like to withdraw the clause temporarily. I am against the introduction of any pin-pricks in legislation.

Clause postponed.

Clause 6—

Part II. of the First Schedule to the Principal Act is repealed, and the following part inserted in its stead:—

"PART II.—POSTAL ARTICLES.

First Column. Postal Articles.	Second Column. Rates of Postage.
Letters	2d. per $\frac{1}{2}$ oz.
Letter Cards	Single, 2d. each
	Reply, 2d. each half
Post Cards	Single, 1½d. each
	Reply, 1½d. each half
Printed papers, as prescribed	1d. per 2 oz. or part of 2 oz.
Books printed outside Australia, except as prescribed	1d. per 4 oz. or part of 4 oz.
Books printed in Australia, except as prescribed	1d. per 8 oz. or part of 8 oz.

Senator PAYNE (Tasmania) [9.15].—I consider this is the most important clause in the whole measure inasmuch as it provides for the imposition of 2d. postage on all letters up to $\frac{1}{2}$ ounce.

Senator EARLE.—I have an amendment at the top of the schedule which

will come before that of the honorable senator.

Senator PAYNE.—I am not moving an amendment. A short time ago I asked the Vice-President of the Executive Council (Senator Russell) if the additional provision out of revenue, which is being made for the Postmaster-General to enable him to successfully conduct his Department, included provision for the expansion of our postal arrangements in order that the settlers, many miles out from the ordinary centres of civilization, might have improved postal facilities. I understand, from the Minister's reply, that it was intended to extend the services and show more consideration to those who are experiencing considerable hardship in developing our rural areas.

Senator RUSSELL.—That is the object.

Senator PAYNE.—If that is so, it is interesting to note that the Postal Department is to receive an additional amount, according to the Estimates, of £7,976,603. The total cost of the Department for 1920-21 has considerably increased when compared with the preceding year. The amount includes a certain sum from loan funds.

Senator RUSSELL.—Salaries have gone up by over £1,000,000.

Senator PAYNE.—The ordinary votes and appropriations provided that the Postmaster-General should receive an additional £750,000. If the Postmaster-General is to receive that additional amount for the working of his Department, would he not, if the proposed rate were allowed to remain at 1½d., receive £750,000 or a little more by being able to retain what has in the past been a ½d. war-time tax? If the rate to be imposed after the 1st October were 1½d. for every ½ oz. of letter matter the additional ½d. would give the Postmaster-General an extra £750,000 in revenue. I desire to be quite fair in this matter, and it is necessary to turn to the total expenditure proposed in the Postmaster-General's Department this year. A very large expenditure from revenue is to be incurred on new works, buildings, and sites, and, for the first time in some years, the amount to be provided for this purpose is greatly in excess of what it has been in previous years.

Senator DRAKE-BROCKMAN.—That is sound finance.

Senator PAYNE.—Not necessarily. Cannot the honorable senator see that if we accept that statement as indicative of sound finance we are asking the present taxpayers to bear the whole of the burden of improving our postal arrangements and buildings which will benefit, not only those who are contributing to the cost of government to-day, but also those who will benefit in years to come.

Senator NEWLAND.—They will have their own burdens to carry.

Senator DRAKE-BROCKMAN.—We have piled up obligations in the past, especially during the last four years.

Senator RUSSELL.—And there are sixteen arbitration cases to be heard.

Senator PAYNE.—I desire to compare the amount proposed to be expended from loan money with that to be expended from revenue during the current financial year. I am not referring to the cost involved in the maintenance and upkeep of existing buildings, but providing new works and buildings. It is proposed to spend £1,074,000 from revenue, whilst the amount to be spent from loan funds is only £53,000. Surely it is out of all proportion to suggest that we should spend double the amount from revenue for permanent additions to our postal buildings to what we are spending from loan money, particularly at a time when the Treasurer (Sir Joseph Cook) admits that there is great difficulty in raising revenue to meet the expenditure that is arising from day to day.

Senator DE LARGIE.—What does the honorable senator consider permanent additions?

Senator PAYNE.—I should say that new buildings are not going to be erected with money belonging to the people if they are likely to last only for a year or two. What is the usual practice in regard to the erection of any asset such as a building likely to last for a number of years?

Senator DE LARGIE.—There must be a certain amount available for upkeep.

Senator PAYNE.—I am not referring to that; such expenditure must be met from revenue. Surely when we are financially embarrassed, and when the Government are asking us to carry a heavy burden of debt, we should not be compelled to authorize the construction of new works out of revenue.

Senator DRAKE-BROCKMAN.—Is the honorable senator in favour of borrowing more?

Senator ELLIOTT.—And adding to our burden.

Senator DRAKE-BROCKMAN.—This is sound finance.

Senator PAYNE.—The honorable senator has not studied the question from the stand-point of sound finance. I am not anxious to add to our burdens, but to reduce them as much as possible consistently with efficiency and safety.

Senator ELLIOTT.—Do you believe in paying by promissory notes?

Senator PAYNE.—No; but by seeing that we have a satisfactory sinking fund from which we can liquidate our liabilities in a certain number of years.

Senator DRAKE-BROCKMAN.—The honorable senator is condemning the principle that has been adopted in Great Britain.

Senator PAYNE.—I am expressing my own ideas.

Senator DRAKE-BROCKMAN.—They are contrary to the accepted principles of sound finance.

Senator PAYNE.—I do not agree with the honorable senator. The money for the upkeep of buildings must be provided out of revenue, but new works of a permanent character should be paid for from loan money, so that not only the taxpayers of to-day, but those who follow us, will bear their share of the benefits that are to be conferred on the community.

Senator DRAKE-BROCKMAN.—Where are we to borrow the money?

Senator PAYNE.—From whom did we get £25,000,000 recently?

Senator DRAKE-BROCKMAN.—It took us all our time.

Senator PAYNE.—Not at all, it came in quite freely, and it must be admitted that Australia has never asked for money in vain. Can any honorable senator refer to an appeal that has not been satisfactorily responded to? I am not advocating that the whole of this expenditure should be defrayed from loan money, but we are being asked this year to provide two-thirds of the total amount to be spent on new works and buildings out of revenue.

Senator DUNCAN.—A good idea, too.

Senator PAYNE.—It would be a splendid idea if we were assured of a surplus at the end of our financial year, and we were not imposing additional taxation on the people who bear their burdens cheerfully and with a good heart. But we know very well that the time must come when we shall reach the limit of our powers in regard to taxation. Unless it is imperative for the safety of the nation, no Parliament has a right to impose additional taxes.

Senator RUSSELL.—The Government have tried their best to keep them down.

Senator NEWLAND.—Does this clause affect the point raised by the honorable senator?

Senator PAYNE.—The clause embodies a proposal to increase the rate of postage on letters, and I am endeavouring to show a way in which that additional impost may to some extent be avoided. I believe that by retaining the current rate of 1½d. we could meet the needs of the Department with the additional revenue provided in the Estimates for the Postmaster-General. I trust honorable senators will hesitate before approving of the proposal in this clause. I believe Senator Keating said it was a retrograde step, and so it is. We should endeavour to popularize the Postal Service as much as possible, but if the measure is passed in its present form it will mean that the business of the Department will be reduced. I believe that the present rate, with the addition I have mentioned, will enable the Postmaster-General to carry on his Department successfully, and at a profit.

Senator ELLIOTT.—I am in favour of that.

Senator PAYNE.—That being so, there is no need to labour the question, and I trust that honorable senators will support me in this matter.

Senator EARLE (Tasmania) [9.29].—As indicated in my second-reading speech, I desire to make provision for preferential treatment to friendly societies. I therefore move—

That the following words be inserted:—
“Letters from a registered friendly benefit society bearing the official stamp of such society . . . 1d. per ½ oz.”

That is merely a description of mail matter, and I do not think it necessary for me to repeat the arguments I advanced in my second-reading speech.

Senator DUNCAN.—Why give friendly societies preferential treatment over any other organization or society?

Senator EARLE.—I am under the impression that I pointed out that friendly societies are national benefactors, and are organizations which benefit particularly the working people of this country.

Senator Cox.—The honorable senator does not call himself a working man.

Senator EARLE.—Not in comparison with the honorable senator.

Senator Cox.—But I understood the honorable senator to say that he had benefited by friendly societies.

Senator EARLE.—Yes.

Senator Cox.—The honorable senator does not call himself a working man?

Senator EARLE.—I do not understand the honorable senator's point. I desire to grant preferential treatment to friendly societies.

Senator J. F. GUTHRIE.—That would be a dangerous precedent to establish.

Senator THOMAS.—Why grant preferential treatment to friendly societies?

Senator EARLE.—Because, more than any other co-operative body of which I have any knowledge, they incur a greater expenditure upon mail matter. Their quarterly notices to members alone throughout Australia number 478,000, and in addition they send out circulars relating to the holding of special meetings. These things make a considerable inroad upon their finances.

Senator J. F. GUTHRIE.—The Returned Sailors and Soldiers Association ought to be given preference.

Senator EARLE.—I have no objection to the inclusion of that Association, which is one that is well worthy of consideration.

Senator RUSSELL.—Does the honorable senator intend to limit his proposal to secular friendly societies?

Senator EARLE.—I do not intend to particularize. I have had personal experience of the good work which is accomplished by friendly societies, and I say unhesitatingly that they have saved the Government thousands of pounds by looking after numbers of people who were not able to look after themselves. The more we encourage these organizations the more we shall relieve our-

selves of responsibility in that regard. My object is to exempt from full postage official letters bearing the stamp of these organizations.

Senator HENDERSON.—Where would that proposal lead to?

Senator EARLE.—Honorable senators appear to be very suspicious.

Senator HENDERSON.—We have had quite as much experience of friendly societies as has the honorable senator.

Senator EARLE.—And has that experience led Senator Henderson to believe that these societies are dishonest, because that is what he is insinuating?

Senator J. F. GUTHRIE.—Why should we give preferential treatment to them as against the Returned Sailors and Soldiers Association?

Senator EARLE.—If the honorable senator wishes to oppose this proposition let him take the responsibility of doing so. If he desires to include within the ambit of my amendment the Returned Sailors and Soldiers Association, I shall support him in attaining his object by voting that the correspondence bearing the official stamp of that organization shall be carried for 1d.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [9.35].—Every honorable senator sympathizes with friendly societies and appreciates the valuable work which they perform. Personally, I have been a member of the Australian Natives Association for about twenty-five years, though I have never had a sixpence out of it. But I object to the amendment, because I believe that the Post Office ought to be run upon commercial lines, so as to enable it to pay for itself. The amendment is designed to confer a special privilege upon friendly societies. If we are going to grant that privilege because those organizations look after the welfare of the poor, there are other societies which are entitled to much more consideration. In this connexion I may instance the Ladies Benevolent Society and the Society of St. Vincent de Paul. Further, I doubt very much whether it is within the power of this Parliament to subsidize any organization which is associated with any religion. If that were done, there would be a tendency to develop rivalry, and consequently we had

better leave the thing alone. Membership of friendly societies to-day is practically confined to the steady, thrifty working men, with families, who wish to provide an insurance against sickness and old age. If we wish to devote money to charity, there are other bodies which are doing better work in the way of looking after those who are unable to look after themselves, than are friendly societies. I say that, although I am a full member of a friendly society, and intend to remain one, because I recognise that I may not always be a member of this Parliament or a Minister of the Crown, and that some day it may be necessary for me to get back into harness. Men join these societies chiefly as a matter of insurance against the future. But what about the working man who is insured in a State or other accident insurance company to-day? Why not give him the advantage of special postage rates?

Senator EARLE.—What is the extent of the correspondence that is posted by such organizations?

Senator RUSSELL.—About two notices a year to each of their members.

Senator EARLE.—I do not think so.

Senator RUSSELL.—They send out at least one notice every year. Some of the lodges charge for these notices. The only communication that I ever receive from the lodge to which I belong takes the form of a syllabus or of a demand to pay up, perhaps, a month's arrears. I ask Senator Earle not to press the amendment, because, although we are all in full sympathy with friendly societies, we ought not to discriminate in their favour in the matter of postal rates. I am not a believer in the bestowal of Government benefits at the expense of any Department. When a demand is made that wheat shall be carried at a cheap rate in the interests of the farmers—

Senator J. F. GUTHRIE.—It is never carried at a cheap rate.

Senator RUSSELL.—At any rate, any assistance of the description desired by Senator Earle should come from the Treasury, and not from any Department. I hope that the proposal will be rejected.

Senator DUNCAN (New South Wales) [9.42].—There is one point connected with the amendment which, to my mind, makes it quite an impracticable proposal. As honorable senators are doubtless aware, there are some trade unions which com-

bine with their ordinary duties work of a purely friendly society nature, and work which involves a great deal of notification to their members. Take, for example, the Amalgamated Society of Carpenters and Joiners and the Amalgamated Society of Engineers, which make allowances to their members in the nature of unemployment, sick, and accident pay—work which under ordinary circumstances would be covered by friendly societies. As a result, many of the members of these organizations do not find it necessary to join a friendly society. How does Senator Earle propose to differentiate between these organizations and what are ordinarily known as friendly societies?

Senator PAYNE.—By using the term "registered friendly societies."

Senator DUNCAN.—Then the honorable senator will not be acting fairly to the men who are deriving through their trade organizations the same benefits that they would obtain if they were members of a friendly society. It must be obvious that the duty of sending out notifications is a big job, even to these organizations. But if we are going to impose upon the postal officials the task of discriminating between notices of an official character and other correspondence, we shall be asking them to do altogether too much. Upon the other hand, if we affirm that the men who belong to trade unions shall not obtain the benefits which Senator Earle would confer upon friendly societies, we shall involve ourselves in a good deal of criticism. I hope that the Committee will not agree to the amendment. Senator Earle has invited us to oppose it by throwing down the gauntlet. He practically said, "If you dare to oppose this proposition, you must accept responsibility for your action."

Senator EARLE.—I said that in answer to an interjection.

Senator DUNCAN.—I do not think any honorable senator would be deterred from performing what he believed to be his public duty, merely because Senator Earle suggested that he would not dare to take a certain course. I do not believe the friendly societies would be very violently perturbed if the Committee rejected the amendment, because it does not come from them in any way, and has not received their indorsement. The difficulties I have indicated make it incumbent on us to

negative the amendment, which would lead to all kinds of difficulties and complications in the Postal Service.

Senator EARLE (Tasmania) [9.47].—I do not want my attitude to be misunderstood. I did not throw down the gauntlet and challenge honorable senators to reject the amendment at their peril. The remark I made was in answer to Senator J. F. Guthrie, who rather forcibly asked why I made this suggestion, and left the returned soldiers out. My reply is that if an honorable senator desires to include returned soldiers, I am prepared to support him. The Minister (Senator Russell) suggested that I was asking for a special favour or charities towards the friendly societies, but that argument will hardly stand the test of critical logic. The Government differentiate in their postal charges already in connexion with the carriage of newspapers and other things. The friendly societies post a mass of correspondence in bulk, bearing the official stamp, which, a short time ago, would be carried at the $\frac{1}{2}$ d. rate. If it was printed matter, it could go open for $\frac{1}{2}$ d., but, because a few words or a few figures are added in ink, the society will be called on to pay 2d. for every notice. Surely what I am asking is no charity. I simply want the Department to act as a business concern, and to carry the correspondence for nearly half a million people at a reduced rate, not only because the friendly societies are a distinct national benefit, but because they are bringing trade to the Department, which no single individual does.

Senator THOMAS.—The same thing applies to every business letter.

Senator EARLE.—That is quite a different matter. Although some firms may send out large quantities of letters, they do so for trade purposes, and not for any benefit to Australia. The friendly societies are co-operative concerns for the benefit of over 2,000,000 people, including members and their families. I am not asking for a particular charity for these societies. I am only asking the Department to treat them as any business man would treat a special customer. I also advance the argument that they should be treated as special customers by the Commonwealth Government, because they are bestowing a very

special benefit upon Australia. I want the support of honorable senators, but I do not seek it in any defiant spirit. I know that every honorable senator has a perfect right to vote against the amendment if he disagrees with it. This is no new matter with me. I have had correspondence with lodge secretaries long before this, and have made a promise that if I had the opportunity I would endeavour to induce Parliament to order that the official correspondence of friendly societies should be carried at a reasonable rate. I am not asking more than that, when I urge that letters, bearing their official stamp, and posted in bulk, shall be carried at the 1d. rate.

Senator PAYNE (Tasmania) [9.52].—Honorable senators who have interjected rather freely seem not to recognise the nature of the ordinary correspondence of the friendly societies. We propose to allow commercial papers to go through at special rates. These would include a typed memorandum from a commercial firm, stating that they had opened up a new fabric, and would be pleased if their customers would inspect it on a certain day. That sort of thing may go through the post at 1 $\frac{1}{2}$ d. for 2 ozs., whereas a friendly society's notification, on a printed form, with figures added in ink, showing that on a certain date a member will be out of compliance, and owe a certain amount, has to pay 2d. per $\frac{1}{2}$ oz.

Senator Cox.—Could they not type-write the necessary particulars into the notice?

Senator PAYNE.—No; they must be printed in order to get the concession. It is impossible to print those details.

Senator J. F. GUTHRIE (Victoria) [9.54].—If preferential treatment is to be given to any section of the community, the section that should get it is the Returned Sailors and Soldiers Association, which has a membership of over 200,000, whose dependants would bring the number affected up to at least 500,000. The society has to send circulars to its members. I object to the amendment because it introduces a dangerous precedent, and we do not know where it will stop. If we give preference to one society, any number of others are equally entitled to the same consideration.

Question—That the words proposed to be inserted be so inserted (Senator EARLE's amendment)—put. The Committee divided.

Ayes	...	...	3
Noes	...	...	15
Majority	...	...	12

AYES.

Bakhap, T. J. K.	Teller:
Payne, H. J. M.	Earle, J.

NOES.

Buzacott, R.	Newland, J.
Cox, C. F.	Pratten, H. E.
Drake-Brockman, E. A.	Rowell, J.
Duncan, W. L.	Russell, E. J.
Elliott, H. E.	Senior, W.
Guthrie, J. F.	Thomas, J.
Henderson, G.	Teller:
Keating, J. H.	de Largie, H.

Question so resolved in the negative.
Amendment negatived.

Senator THOMAS (New South Wales)
[9.58].—I move—

That, in the line "Letters, 2d. per ½ oz." the figure "2" be left out, with a view to insert in lieu thereof "1½".

I am rather sorry to have to propose 1½d., because I would rather move for 1d.; but it seems from the debate that we may be able to carry 1½d., but not 1d. I gather that honorable senators are not anxious that the Department should be what has been termed a tax collector. Those who favour the 2d. rate seem to think that it will bring sufficient revenue into the Department to provide all the money necessary to carry on its various services adequately. Even since we have been federated, people have been complaining of the Post and Telegraph Department, but most of the time the fault has not been the lack of money. I remember the time when the Postmaster-General had placed in his hands as much money as he could spend. Honorable senators have given us to understand that, if this money is available, all the country mail services will be provided, but I may remind them that it is utterly impossible in Australia to deliver letters to everybody. I know it is the proud boast of the Imperial authorities that every house in the United Kingdom is covered by the Post Office. But that has only been the case during the last ten or fifteen years. In a sparsely populated country like Australia, it is impossible to deliver letters to every house. I remember being asked on one occasion to supply a country mail service at a cost of £3,000,

when the revenue would be only £3 per year. If we had ever so much money, it would be foolish to grant a request for a service in those circumstances. Whoever is the head of the Department, he must fix some limit to the expenditure. Some years ago, if out-back settlers wanted a mail service, they could retain the whole of the revenue for themselves, and, in the case of any deficiency they were only called upon to pay one-half. The conditions may be more generous now, but, in any case, some regulation must be provided, and some limit fixed for expenditure on these services. The adoption of the 2d. postal rate will undoubtedly bring in more money within the next twelve months than it will be possible for the Postal Department to spend.

Senator DUNCAN.—You cannot say that with any certainty.

Senator THOMAS.—Those who have had any experience of the Postal Department must know that it is impossible to spend more than a certain amount each year. In any case the greater proportion of the money will not be spent in the Postal Branch, but in the Telephone Branch. Senator Pratten has pointed out again and again that the Sydney telephone service is not what it ought to be. He says that it has been starved, and we have had statements to the effect that the Postmaster-General intends to spend a good deal of money in the purchase of telephonic material. It would appear, therefore, that most of the money to be expended in the next twelve months will not be in the direction of providing more mail services for the country districts. Undoubtedly the bulk will be spent in the cities. I am not in favour of money earned by the Postal Branch being spent in the Telephone Branch.

Senator Cox.—Do you not favour the whole of the Postal Department being regarded as one going concern? Would you differentiate between the Post Office and the Telephone and Telegraph Branches?

Senator THOMAS.—Undoubtedly I would.

Senator Cox.—Then why are they run as one Department?

Senator THOMAS.—Would the honorable senator care to see the country mail services starved in order to provide extra telephones for Sydney?

Senator COX.—The Postmaster-General is trying to put the whole Department on a good business footing.

Senator THOMAS.—I think each Branch should be made to pay. I do not want money earned by the Postal Branch to be diverted to the Telephone Branch. That is one reason why I am asking for the retention of the present rate of postage. I think it will bring in all the revenue required to carry on the postal side of the Department, and also furnish enough money for country mail services.

Senator RUSSELL.—No money will pass over to the Treasury. We have definitely laid down a programme for the expenditure of £3,000,000 on works.

Senator THOMAS.—Does the Minister mean to say that the Department will be able to expend that amount within the next year?

Senator RUSSELL.—Yes.

Senator THOMAS.—I am staggered by the statement, and I have had a little experience of the Department. Does the Minister say that, notwithstanding the difficulty of getting material and labour, the Department expects to spend the bulk of £3,000,000 within the time stated?

Senator RUSSELL.—We believe we can.

Senator THOMAS.—To him that believeth, all things are possible. I must say that the Minister has great faith.

Senator RUSSELL.—We must not miss any chance of getting in early with our orders for material. You know the Post Office "moves" nowadays.

Senator THOMAS.—I am glad to hear it, but I have never been one to run down the Department. I think that many of the complaints about the Post Office are very unfair. But I object to the proposed increase in the letter rate, because I am afraid that if we adopt it we shall never have it knocked off again.

Senator NEWLAND.—We knocked it off before.

Senator THOMAS.—Yes, with a great deal of difficulty.

Senator DE LARGIE.—If 2d. is not enough, we shall increase it.

Senator THOMAS.—I am quite prepared to do that if the 2d. rate is not sufficient, but I think the 1½d. rate is quite high enough. Last year there was

a profit on the operations of the Department of £500,000, and, in addition, £750,000, the revenue from the ½d. war postage tax. If the Minister expects to get through the whole of that revenue in connexion with the programme he has mentioned, all I can say is that he will be spending the money very fast indeed.

Senator ELLIOTT (Victoria) [10.12].—I have great pleasure in supporting the amendment moved by Senator Thomas. If the object of the Bill were to raise revenue for a sinking fund to pay off our debts, I would support it. The Government were returned on a policy of strict economy, but instead of that the Minister has put forward a programme involving enormous expenditure in this Department, at a time, too, when materials and labour are exceedingly dear.

Senator DE LARGIE.—Do you not think it is time we had some improved facilities in the country?

Senator ELLIOTT.—Undoubtedly. But if the rates are maintained as at present, there will be ample to carry out all absolutely necessary works. Further than that we should not go. For these reasons I shall support the amendment.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [10.14].—I ask Senator Elliott to remember that some little time ago we, in this country, were charged with the responsibility of seeing that he and his comrades at the Front were perfectly equipped for the purpose of winning the war. It would have been criminal then to have given them anything but the very best. The war has now taken on other phases, and has been transferred to Australia. We are now engaged in a commercial conflict, and our duty is to see that our officials are effective and our Departments efficient. If Australia is going to come out of the present crisis successfully, we must aim at higher standards than ever before. We must have more effective technical training for the members of our Public Service, a better organization of capital, and a more efficient development of our industrial activities. We must have efficiency in the workshops, in the business offices, and in our public Departments. Everything must be brought up to date, otherwise we shall fall behind. If we aim at an up-to-date and efficient Department, we must not be content with fourth or fifth rate telephone

or telegraph services. The amount we are asking for is less than what would have been spent under normal conditions to keep the Department up-to-date, and we have to pick up our arrears as early as possible in an endeavour to place the work of an important Department on an efficient basis. A small amount has been provided for the Perth Post Office, where business has for some time been proceeding rather slowly. The telephonic material and cables on hand are not altogether suitable for extending certain lines, and it is unreasonable to suggest that expenditure in this direction should be met out of loan and not out of revenue. We have been working on that basis for too long, and it is our endeavour to make a speedy recovery. It is not our intention to erect palatial buildings, but to place the necessary machinery in the hands of the Department to enable its work to proceed as smoothly and efficiently as possible.

Senator NEWLAND.—That is badly needed.

Senator RUSSELL.—Of course it is. It is impossible for the Government to carry out its policy if the different Departments are to have only second-class tools of industry. I ask honorable senators not to think that any of this money is going to the Treasurer unless we are confronted with unusual difficulties, and have not sufficient material to enable the work of the Department to proceed expeditiously. It has been said that much of this money will be spent in the cities, but it must be remembered that, in connexion with large public works, a considerable amount has to be extended in the metropolitan area to enable the necessary extension to be made elsewhere. The requisite power and machinery must be provided in the capital cities, and the intention of the Government is to take into due consideration the claims of country towns and rural districts generally. The policy we are at present adopting is not one that I would favour under normal conditions, but we must remember that some taxpayers are at present contributing to the extent of 12s. in the £1, and there must be a limitation in this regard.

Senator THOMAS.—Is this to relieve men from paying income tax?

Senator RUSSELL.—No, but the only alternative is to borrow money, and the

interest on borrowed money has to be met by taxation. It really comes to the same thing. This should be a self-supporting business, and, personally, I am opposed to purchasing what may be termed ordinary tools of trade out of loan money.

Senator PAYNE.—No one suggested that.

Senator RUSSELL.—That is the position, and if we do not get money we shall have to borrow or allow the Postal Department to remain in a state of stagnation. It must be remembered that it is difficult to borrow money at the present time for ordinary public works. During the war period the people of the Commonwealth, in a very patriotic spirit, contributed largely to loans raised for the purpose of re-establishing our returned soldiers in civil life; but it would be a difficult matter, at the present time, to raise large sums of money for public works. I hope it will not be necessary to appeal to the people of Australia for additional money to assist in settling soldiers, but, if that contingency should arise, I hope we will not be in conflict in raising money for different purposes. After the most careful investigation we have outlined a policy of public works, and have endeavoured to reduce the expenditure to the lowest possible limit. I ask honorable senators not to treat this as merely a section of the work, but to consider the proposals of the Government as a whole and, if that is done, the Senate will be assisting the Government in meeting the difficulties which confront them. We must have revenue, and if we do not spend this money in the Postal Department it will not be thrown away. We are, however, endeavouring to put the Department on a business-like basis in the interests of the community generally. I appeal to honorable senators not to vote for the amendment, but to stand by the Government proposal, which, I believe, will ultimately prove to be in the best interests of the Commonwealth.

Senator SENIOR (South Australia) [10.20].—The Vice-President of the Executive Council (Senator Russell) has endeavoured to put a good case for the Government. When the war was in progress it was found necessary to impose an additional $\frac{1}{2}$ d. rate as a war tax,

and that is now to be handed to the Postmaster-General and not to the Treasury. The proposition now is that he is to receive double that amount.

Senator RUSSELL.—That amount is not equivalent to the increase in wages during the last eighteen months.

Senator SENIOR.—There was a profit of approximately £500,000 out of the 1d. rate, not out of the 1½d. rate, so that if £500,000 has been derived during the last year, what amount is to be realized if the present proposal of the Government is adopted? The 1d. impost on letters enabled the Postmaster-General to save £500,000 plus, approximately, £750,000 out of the 1½d. tax, and we are now giving to the Postal Department the whole of that plus another £700,000. How will it be possible to carry out the programme outlined by the Minister in a period of twelve months? It is due to the Minister to show clearly that such a programme is in contemplation that the whole of the money will be absorbed. The Minister also suggested that the Department is going to increase its stocks on the crest of the market.

Senator DE LARGIE.—How does the honorable senator know that it is the crest of the market?

Senator KEATING.—There is every indication of that, as prices are already dropping. Motor cars in America have dropped £20 to £30.

Senator SENIOR.—There is every indication of a drop within the next twelve months. There is more likely to be a decrease than an increase.

Senator DE LARGIE.—But the price of these articles has been increasing for twenty years.

Senator SENIOR.—Take the question of copper, which enters very largely into the matter, and consider the present price and what it will probably be in twelve months' time. It is likely to drop. The proposition before the Committee does not appear to me to be a sound one, and it would appear on the information that has been given that we shall be giving the Postmaster-General more than he can possibly spend in twelve months. It is not my desire to in any way limit the usefulness of the Postal Department, but I think that as we are urged to exercise economy the action of the Government is extravagant in the extreme.

Senator KEATING (Tasmania) [10.25].—I listened to the Vice-President of the Executive Council (Senator Russell) with interest, and also with astonishment. He said, in answer to a statement by Senator Elliott, that that gentleman should remember that during the progress of the war it was necessary that the instruments that were used should be both adequate and efficient. I do not think that that has any bearing on the amendment moved by Senator Thomas.

Senator RUSSELL.—Yes, it has.

Senator KEATING.—It has no bearing whatever, because the Minister might have pointed out, if he had proceeded with his analogy, that adequacy and efficiency did not march step by step with the expenditure, and that very often appliances for which we paid the most were worthless, and that those for which we paid comparatively little turned out to be the most effective. There is no guarantee that the Postal Department will receive a swollen revenue as the result of increased postage. The figures placed before us are only estimates; and we know from experience in other parts of the world that for every reduction in postage there has been more than a proportionate increase in the use of the Post Office. Early in the evening the Minister referred to a statement I made in connexion with the postal rates in force in Great Britain, and said that my information was not up to date. He stated that the inland postage in the United Kingdom was higher than that I quoted. I happen to have had communications from Great Britain, and I have not seen on any of those communications stamps of a higher denomination than those I have mentioned. Is the Minister prepared to produce stamps of a higher denomination covering the weights I mentioned?

Senator RUSSELL.—If the honorable senator received such stamps on communications, it must have been two months ago.

Senator KEATING.—I have received letters within the last month, and there has been no indication of any increase in the rate.

Senator RUSSELL.—They must have left Great Britain prior to two months ago.

Senator KEATING.—I am satisfied that the figures I gave were the latest.

Senator RUSSELL.—I have in my hand a communication received yesterday, which bears a 2d. stamp.

Senator KEATING.—An extra charge may have been recently imposed on overseas postage, and I mentioned that when previously speaking. The information I used was the latest available in Australia for those who were searching; but the Minister's interjection does not get over the difficulty that the maximum weight in Great Britain is much higher than it is here. In Great Britain they carry eight times our maximum weight.

Senator DE LARGIE.—Does the honorable senator know that the weight to which he refers is correct?

Senator KEATING.—I know it was, and assume it is. I have since looked up the New Zealand rates, and I find that a 4-oz. letter, which was carried inland ordinarily for 1d., is now carried at that rate plus $\frac{1}{2}$ d. war charge. Seven letters that would go through the Post Office in Australia, and be charged 1 $\frac{1}{2}$ d. each, could be placed in the one envelope and sent for 1 $\frac{1}{2}$ d. in New Zealand.

Senator GIVENS.—The last letter I received from New Zealand did not weigh 2 ozs., and had a 4d. stamp on it.

Senator KEATING.—I cannot account for that, because it is provided in the Statute, and it is also set out in the last rates books in the Library. In Canada 1 oz. can be sent for 2 cents, and our inland rates cannot be compared with those of other Dominions or the United Kingdom.

Senator Pratten has referred to the possibility of an overseas Inter-Empire 2d. rate; and if there is such a proposition, Australia will stand up to it. But I draw attention to the fact that what we are providing for is not merely Inter-Empire, but also postage within the Commonwealth, which means that the 2d. rate will be charged on a letter sent from one side of the street to the other, from the city to the country, or, what is more important still, from the country to the city. When the proposition of an inter-Empire postal rate confronts us, we can deal with it. But, at the present time,

we are dealing with what is of more importance to us from a domestic point of view. The motive behind the amendment of Senator Thomas is one of consideration for the settlers in our country districts, and consequently I have very much pleasure in supporting it. Indeed, had he been prepared to move for a reversion to penny postage, the proposal would have commanded my vote. To me a compromise at 1 $\frac{1}{2}$ d. is a most reasonable one.

Senator J. F. GUTHRIE (Victoria) [10.31].—I should like to know whether the Vice-President of the Executive Council (Senator Russell) can give us any idea of what proportion of the increased revenue derived from the proposed postal rates will be used for improving the conditions of country settlers, by providing them with increased telephonic, telegraphic and mail services. If a large amount is going to be expended in that direction, I shall support the Bill in its present form. But if, as I fear, a considerable portion of it is to be expended in our cities, I shall vote for the amendment.

Senator PAYNE (Tasmania) [10.32].—Any remarks which I may make upon this amendment will be based entirely upon figures submitted by the Treasurer (Sir Joseph Cook) in his Budget papers. The Vice-President of the Executive Council (Senator Russell) stated by way of interjection a short time ago that the Postmaster-General had to incur additional expenditure this year by reason of increases of salaries, which would aggregate more than the amount that he will receive in revenue if he is allowed the extra $\frac{1}{2}$ d. postage upon letters, the revenue from which has hitherto been received by the Treasury. I find from the Budget that the expenditure of the Postal Department last year amounted to £5,707,399, while the amount under this heading which is actually provided on the Estimates for the current financial year, is £6,352,936. In other words, provision has been made for the Postmaster-General to expend £645,537 more than he did last year. How does that compare with the additional revenue which he will receive if he is permitted to retain the war postage of $\frac{1}{2}$ d. per half ounce? Last year the Treasurer received from this particular source a revenue of

£745,962, a larger sum than the increased expenditure which will be incurred by the Postmaster-General this year.

Senator PRATTEN.—That amount was received from the war postage rate only.

Senator PAYNE.—Yes. If the Postmaster-General receives a larger sum than was derived from the $\frac{1}{2}$ d. war postage rate, he will have more than sufficient money with which to meet the additional expenditure to which he will be subjected this year.

Senator DE LARGIE.—He will need it all.

Senator PAYNE.—That may be so. For that reason I intend to support the amendment of Senator Thomas.

Senator RUSSELL.—My statement was that the increased revenue derived from war postage was about £750,000, whilst the increased expenditure on account of wages and general charges will amount to a little over a million pounds. I said that the increased wages alone were just about equivalent to the revenue received from the war postage of $\frac{1}{2}$ d. per half ounce.

Senator DE LARGIE.—So that the $\frac{1}{2}$ d. war postage charge will be absorbed in wages.

Senator PAYNE.—According to the Budget papers, the estimated expenditure for the current financial year is £6,352,936 as against an actual expenditure last year of £5,707,399. Consequently I hold that the additional expenditure this year will be more than met by the retention of the $\frac{1}{2}$ d. war postage, to which I have referred.

Senator DRAKE-BROCKMAN.—Then how are we going to provide for additional postal facilities in the country?

Senator PAYNE.—They will be met later on, by an appropriation from the Loan Fund.

Senator RUSSELL.—The expenditure of the Postal Department for last year was £6,649,000, and the estimated expenditure for the current year is £7,976,000.

Senator PAYNE.—That is so. In other words, there will be an increased expenditure this year of £1,300,000. I have previously pointed out that this year it is proposed to take two-thirds of the amount to be expended upon new works and buildings from revenue, and one-third from loan, quite an opposite policy from that which has been

adopted during recent years. If we make provision for wiping off our indebtedness upon these works within a reasonable time we shall be doing our duty to the people of Australia. I believe that, with a small reconstruction, ample revenue will be provided to meet the needs of the Postal Department, even with the reduction in the rate which has been proposed by Senator Thomas.

Senator PRATTEN (New South Wales) [10.39].—I have noted with some satisfaction that the Vice-President of the Executive Council (Senator Russell) has been advising honorable senators to study the Budget figures. Had we been permitted to discuss the Budget last night, as I wished to do, this debate would probably have been cut very much shorter. The Budget contains many references to the affairs of the Postal Department.

Senator KEATING.—And references to the entertainments tax.

Senator PRATTEN.—Yes. I have listened carefully to the remarks of Senator Payne, and I see more clearly what I think will be the actual financial position of the Post and Telegraph Department supposing that postage rates remain as they are to-day. The ex-Postmaster-General (Mr. Webster) was very proud of the fact that the last year of his administration showed a profit of about £526,000. It should be remembered that that was made on the basis of 1d. postage, and not on that of $\frac{1}{2}$ d. postage; and, in addition to the sum of £526,000, there was paid into the Treasury—as an outcome of the imposition of the $\frac{1}{2}$ d. war tax—a sum approximating £700,000. That $\frac{1}{2}$ d. tax was put on expressly for the purposes of the then Treasurer. The postal services actually made, on the basis of the $\frac{1}{2}$ d. postage, during the last year of Mr. Webster's administration, the sum of about £1,250,000 in excess of what was spent. The opinion has been expressed in this Chamber that it is not desirable that the postal services should be run at a profit. Had not that profit been squeezed out of the postal services by the then Treasurer, possibly, for the purpose of making his Budget look prettier, and for the elevation of his own prestige—

Senator RUSSELL.—Does the honorable senator think there is anything personal about the preparation of the Budget?

Senator PRATTEN.—I am only taking an estimate of the whole position.

Senator RUSSELL.—The honorable senator referred to personal prestige.

Senator PRATTEN.—I take it that each member of the Ministry wishes to make out the best case possible for his own Department. Mr. Webster made no secret of the fact that he was squeezed beyond endurance by the Treasurer of the day in connexion with the administration of the Post and Telegraph Department, and that the present state of chaos in regard to some of the services is not a result of his administration, but is due to the short-sighted policy of the Treasurer. I am not willing to see any Minister sacrificed without the truth being known. If the sum which I have mentioned as having been squeezed out of the Postal Department had gone back to be spent even in connexion with upkeep, the Department would not have been in the chaos in which it flounders to-day. I do not believe that our post and telegraph services should be run for profit; neither am I a believer in the view that they should be run at a loss. I have pointed out that, on the last year's figures, the profit will be £500,000. The war tax of $\frac{1}{2}$ d. per letter will revert to the postal services, and will provide them with a profit, for expenditure on much needed work, of about £1,250,000; that is, supposing that the present Treasurer (Sir Joseph Cook) does not again make a claim. I believe that the services of the Department will cost £500,000 or £600,000 more—largely, as the result of increased salaries and added expenditure upon administration. That will leave about £700,000 for expenditure upon developmental work and repairs.

Senator THOMAS.—For nine months, three months of the year having gone.

Senator PRATTEN.—That is so. Senator Thomas, who ought to know what he is talking about, states that the Department cannot spend very much more than that sum in the whole of the twelve months; and I know that, with regard to material which to-day is so short, the officials concerned will not be able to secure supplies for fully twelve months. What, therefore, is to be done with the money? Will not the fact of it being available tend to encourage extravagance? Let us turn

attention to the telephone service in Sydney. The patient public have been told that they must wait another year or two before matters can be rectified, for the reason that necessary material cannot be secured.

Senator KEATING.—The same is said here.

Senator PRATTEN.—I hope the officials are wrong, because the patience of the people has become exhausted.

The CHAIRMAN (Senator Bakhap).—The honorable senator must not discuss the telephone services.

Senator PRATTEN.—My remarks are related each to the other, because I am arguing as to the effect of finance upon the question whether the postal rates shall be raised or not. I will not call it humbug, but it is somewhat insincere for the Government to say, in effect, "We are going to extract more money from the postal services and make a profit indirectly for the purpose of running picture shows free of tax." I will not stand for that. The sum of about £270,000 is to be remitted in respect of the entertainments tax. I remember the struggle which occurred in the Senate over the imposition of $\frac{1}{2}$ d. tax on kiddies' 3d. tickets. I shall be no party to the unnecessary imposition of higher postage rates, in the light of the figures which I have quoted, and which I invite the Minister to controvert. I shall be no party to the increased postal rates and the wasting of £270,000 by partial remissions in connexion with the entertainments tax.

Question—That the figure "2" proposed to be left out, be left out (Senator THOMAS' amendment)—put. The Committee divided.

Ayes	7
Noes	11

Majority 4

AYES.

Elliott, H. E.	Pratten, H. E.
Guthrie, J. F.	Thomas, J.
Keating, J. H.	Teller:
Payne, H. J. M.	Senior, W.

NOES.

Buzacott, R.	Henderson, G.
Cox, C. F.	Newland, J.
Drake-Brockman, E. A.	Rowell, J.
Duncan, W. L.	Russell, E. J.
Earle, J.	Teller:
Givens, T.	de Largie, H.

Question so resolved in the negative.

Amendment negatived.

Clause 7 agreed to.

Clause agreed to.

Clause 8—

Part I. of the Second Schedule to the Principal Act is repealed and the following Part is inserted in its stead :—

"PART I.—ORDINARY TELEGRAMS.

	Town and Suburban, within prescribed limits, or within fifteen miles from the sending station.	Other places within the State, except Town and Suburban.	Inter-State, i.e., from any one State to any other State.
Including address and signature—			
Not exceeding sixteen words ..	Ninepence ..	One shilling ..	One shilling and threepence
Each additional word ..	One penny ..	One penny ..	One penny

Double the foregoing rates shall be charged for the transmission of—

- (a) telegrams on Sunday, Christmas Day, and Good Friday;
- (b) urgent telegrams;
- (c) telegrams sent after hours as prescribed; and
- (d) telegrams on the public service when required, under section ninety-five of the Post and Telegraph Act 1901-1916, to be transmitted before other telegrams.

The foregoing rates are exclusive of portorage charges."

Senator KEATING (Tasmania)

[10.55].—I now invite the Minister to consider the suggestion I made on the second reading to make the price of Inter-State telegrams, in effect, 1d. per word. The proposed rate is 1s. 3d. for not exceeding sixteen words. Why not make it 1s. 4d., or make the rate 1d. a word, with a minimum of 1s., or 1d. a word with a minimum of 1s. 3d.? It will then be in harmony with the later provision that lettergrams should be charged ½d. per word with a minimum of thirty words, or a minimum charge of 1s. 3d. My suggestion will make it very much easier for the sender of the telegram, the clerk, the accountant, and the auditor. A man sending sixty words will know that he must pay 5s., or if sending fifty words, 4s. 2d., while under the clause as it stands, he will have to pay 1s. 11d. for twenty-four words, or 2s. 11d. for thirty-six words. If anything, the alteration will mean an increase of revenue. The Inter-State telegram rate will be exactly double the lettergram rate.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [10.57].—I do not regard this matter as of very much importance. It is, after all, only a detail, but the Committee has just taken a division in an effort to reduce the charges, and now a proposal is put forward to increase them, even if only slightly. If the Government feels that the problem of the Post Office is so big that it will want more revenue in the immediate future, and if the Committee

is inclined to offer the Government an increased rate, I am modest enough to accept the offer. Is it the wish of honorable senators generally that the alteration suggested by Senator Keating should be made?

HONORABLE SENATORS.—Hear, hear!

Senator RUSSELL.—Then I accept the suggestion.

Senator THOMAS (New South Wales) [10.58].—Senator Keating's suggestion will improve the clause, but what objection is there to making the charge 1s. all round?

Senator RUSSELL.—I have made a fair compromise, and every honorable senator said, "Hear, hear!"

Senator THOMAS.—I simply asked if it would not be better to have a 1s. rate all round, instead of 9d. in some cases, and 1s. in others. The clause penalizes the man in the country. He is charged 1s. 3d., while the man in the city who has all the other advantages is charged only 9d. He is given a telephone, and can send a telegram for 9d., whereas in many places in the country, telephones cannot be given, and yet 1s. 3d. is charged for telegrams.

Senator KEATING.—My proposal referred only to the Inter-State rate.

Senator THOMAS.—The charge should be 1s. all round, without any differentiation.

Senator RUSSELL.—I tried to meet the wishes of the Committee, and the

Committee accepted my offer. I shall go no further.

Senator J. F. GUTHRIE (Victoria) [10.59].—I would press the Minister on this point. The Government always profess anxiety to encourage the people in the country, yet in this case they are penalizing any one who lives more than 15 miles out of the city. Surely the Minister can make the same charge to those living within the 15-mile radius as to those living outside it?

Senator RUSSELL.—The charge will only be 9d. in country districts between places that are not more than 15 miles apart.

Senator J. F. GUTHRIE.—A person living 20 miles out of Melbourne will have to pay 25 per cent. more than a person living a few miles nearer the city, who is within the 15-mile radius, if he wishes to telegraph for a doctor. If we are to give encouragement to people to go into the country, we must provide them with cheaper telephonic and telegraphic services. I trust that the Government will not pursue a policy of giving preferential treatment to people who live in the capital cities.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [11.1].—It is a sound principle to charge more for country telegraphic services. Certainly, it would not be a sound policy to adopt a uniform rate when we have such long telegraph lines to maintain in districts where population is sparse. It is certain that the Department could not build telegraph lines 100 miles long to serve a few persons, and expect the whole of the capital cost to be carried by an increase in the rates paid by other people. Long country telegraph lines cost not only more for upkeep, but also for original capital expenditure.

Senator THOMAS.—It costs more to carry a letter in the country districts.

Senator RUSSELL.—But there are portorage charges on letters. If honorable senators want to establish a flat telegraphic rate, let them take the proper course to do it. I am not altogether in favour of conducting the Post Office on the most approved lines of private enterprise, and although no one is more anxi-

ous than I am to give wider scope to the control of the Department by other than politicians, my idea is that it should neither make a profit nor provide special concessions to any section of the community—that it should not be run with a benefit to the Treasury, but with magnificent benefit to the country generally.

Senator PRATTEN (New South Wales) [11.3].—I wish to draw attention to the excessive use of official telegrams between State and State and capital and capital. I do not know whether the Post Office is paid for these messages, but I assume that each Department bears the cost of the telegrams it despatches, and which my experience goes to show are all sent as urgent. During the war there may have been some excuse for officers in Melbourne to despatch long telegrams, although very often they could just as easily have been put in letter form; but the result of their action was that year after year the regular and reasonable delivery of ordinary telegrams lodged by business people was considerably interfered with. As a matter of fact, at present, any business man who wishes to be reasonably assured that a telegram he despatches from one capital to another will reach his client in decent time, has to pay double rates and send it as urgent. The necessity for this arises very largely from the overloading of the lines by official telegrams that could just as well be typed and sent as letters; and I think some regulation should be laid down by which officials may be prevented from adopting the easiest course, namely, that of sending telegrams, which block other messages, instead of letters which could be typed out and despatched in the ordinary way. It would give great relief to the ordinary users of the lines, and to the Post Office itself, if this were done. The delays occasioned during the war through the crude habits of officials who did not know anything about business were certainly horrible.

Senator KEATING (Tasmania) [11.7].—Do I understand that the Minister agrees to my suggestion to increase the charge for Inter-State telegrams to 1s. 4d. for not exceeding sixteen words?

Senator RUSSELL.—I am prepared to accept an amendment in that direction.

Senator KEATING.—I move—

That in the third column the word "three-pence" be left out and the word "fourpence" inserted in lieu thereof.

Amendment agreed to.

Clause, as amended, agreed to.

Clause 9 agreed to.

Clause 10 (Letter telegrams and shipping telegrams).

Senator THOMAS (New South Wales) [11.8].—I would not have been surprised if the Government had omitted all provision for letter telegrams, which I think must be despatched at a considerable loss to the Department. I should like to know whether they pay. I know that when the system was first introduced by the then Postmaster-General (Mr. Agar Wynne), I thought he was taking a foolish step, but since then the concession has been somewhat modified by preventing the lodging of any letter telegram until 7 p.m., and now it is proposed to confine these messages to social matters.

Senator RUSSELL.—I understand that, hitherto, these letter telegrams have not paid the Department, but that it is anticipated that with the alteration now proposed they will pay.

Senator THOMAS.—They may be a convenience, but they are a concession which the public have no right to expect.

Senator PRATTEN (New South Wales) [11.10].—I should like to know if a Bill is to be brought in to deal with the proposed increase in telephone rates or whether the Postmaster-General has statutory power to increase the rates.

Senator KEATING.—That may be done by regulation.

Senator PRATTEN.—Then no discussion is permissible on telephonic rates?

The CHAIRMAN (Senator Bakhap).—Certainly not. Telephonic communication is not mentioned in the clause, and, therefore, it may not be discussed.

Senator PRATTEN.—I only want to point out that telephone rates have been doubled during the last five or six years, and I hope the Postmaster-General (Mr. Wise) will treat us mercifully.

Clause agreed to.

9 K 2

Postponed clause 5—

Part I. of the First Schedule of the principal Act is omitted, and the following Part inserted in its stead:—

"PART I.—NEWSPAPERS.

On all newspapers, printed and published in Australia, posted for delivery within the Commonwealth (without condition as to the number contained in each addressed wrapper)

One penny and a half-penny per twenty ounces on the aggregate weight of newspapers posted by any one person at any one time: Provided that the minimum amount of postage payable on the aggregate weight of newspapers so posted shall be One shilling."

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [11.14].—When this clause was withdrawn temporarily, I promised to give consideration to the point raised by Senator Keating, and I do not feel inclined to fight any more about it. I am prepared to accept his suggestion, and I move—

That the words "Provided that the minimum amount of postage payable on the aggregate weight of newspapers so posted shall be one shilling." be left out.

Amendment agreed to.

Clause, as amended, agreed to.

Title agreed to.

Bill reported with amendments; report adopted.

Bill read a third time.

Senate adjourned at 11.15 p.m.

House of Representatives.

Thursday, 30 September, 1920.

Mr. SPEAKER (Hon. Sir Elliot Johnson) took the chair at 2.30 p.m., and read prayers.

HIGH COMMISSIONER.

STATEMENT BY MAJOR-GENERAL SIR CHARLES ROSENTHAL — APPOINTMENT OF SUCCESSOR TO MR. FISHER.

Mr. TUDOR.—I desire to ask the Prime Minister whether he has observed a paragraph in to-day's issue of the *Age*,

reporting that at a meeting held in Sydney—

Major-General Sir Charles Rosenthal said that Australia must have population before she could develop or defend herself. If we doubled our population by bringing out suitable immigrants we would halve our war debt. The High Commissioner in London was a non-entity in his position. Mr. Fisher had never taken any interest in Australia since he had been in England.

Major-General Rosenthal is mentioned as likely to be appointed Military Commandant for the State of New South Wales. Is it not possible for the Government to take action to prevent persons occupying high official positions from making assertions of the kind? My knowledge of Mr. Fisher satisfies me that his standing in the community, and his reputation as a reliable man, are equal to those of any man in Australia.

Mr. HUGHES.—I have not seen the paragraph, and, therefore, cannot express an opinion in regard to it. I see it is stated that the speech to which the honorable member refers was made at a meeting held under the auspices of the Church Social Campaign. Most remarkable statements are made from time to time by different people, and if I took notice of one of them I should have to take notice of all. I fear that I am not the man to carry on such a business. I am not my brother's keeper. This is a free country, where every one apparently is inclined to say just what he thinks. I have noticed statements made by different people—including Mr. Garden, for example—with which I do not agree. I agree with Major-General Rosenthal that we must have a larger population. As to the statement made by him concerning Mr. Fisher, I can only say that I have had the honour of Mr. Fisher's intimate acquaintance and friendship for many years, and am sure that he takes the very keenest interest in Australia. I certainly do not propose to stop people, merely because I do not agree with their views, from saying anything that occurs to them. If any statement calculated to create disorder is made, however, I must take notice of it. I read in the newspapers that, the other evening, during my absence from the House, the honorable member for Grampians (Mr. Jowett) made a statement in regard to subsidizing dances, or

something of the sort. I have also read what Mrs. Stein, the Acting Lady Mayoress of Melbourne, has said about dances, and putting two and two together I am bound to say that the remark made by the honorable member for Grampians was not a very proper one.

Mr. TUDOR.—But the honorable member for Grampians did not reflect upon a public official. Mr. Fisher is not here to defend himself.

Mr. HUGHES.—The honorable member for Grampians did not reflect upon a public official, but he suggested a course which, if followed by honorable members of this House, would be most immoral. I do not go about embracing women.

Mr. McWILLIAMS.—Since reference has been made to the High Commissioner's office, may I ask the Prime Minister whether he is in a position to make a statement to the House as to the appointment of a successor to Mr. Fisher as High Commissioner?

Mr. HUGHES.—Yes. I have a statement to make, and it is that at the proper time I shall make a statement.

CUSTOMS DUTIES AND FOREIGN EXCHANGES.

IMPORTS FROM ITALY AND FRANCE.

Mr. GREGORY.—Has the attention of the Minister for Trade and Customs been called to a paragraph in the press stating that large quantities of goods imported from Italy and France are in bond in Australia, and are likely to be returned to those countries owing to the dilatoriness of the Government in coming to a determination on the question of foreign exchanges in relation to the valuation of goods for Customs purposes?

Mr. GREENE.—Yes. The Government are awaiting an opportunity to introduce the necessary legislation.

SELLING PRICE OF COAL.

APPOINTMENT OF COMMISSION.

Mr. WATKINS.—In reply to a question addressed to him yesterday by the honorable member for Hunter (Mr. Charlton), the Prime Minister said that a Board had not yet been appointed to fix the selling price of coal in Sydney, having regard to the increase in hewing rates

granted to coal miners. According to to-day's newspapers a Commission, consisting of Messrs. C. Hibble, H. Ling, and A. Jobson, has been appointed, and held a preliminary meeting in Sydney yesterday. I desire to ask the Prime Minister whether he misunderstood the question put to him, and whether the Commission to which I have referred has been appointed for the purpose?

Mr. HUGHES.—Messrs. Hibble, Jobson, and Ling are the members of the Commission. Their functions are to determine what increase, if any, in the price of coal is justified by the increased wages paid to the miners. I do not know whether they have held a meeting, but their appointment has been approved, and they constitute the Commission which will settle the matter if official sanction be given. If this increase be premature, the honorable member may accept the assurance that it is premature only in so far that it anticipates the fact by, say, a few hours. The functions of the Commission are quite limited; they have to determine how much the increased wages justify an increase in the price of coal. I have no doubt that by the next miners' pay-day we shall be able to declare, at any rate, an interim price of coal. While on my feet, I might say that, in anticipation of the Commission's decision, I have taken it on myself to accept Mr. Hibble's recommendation that the prices for oversea coal shall be those he considered fair until the Commission has otherwise determined. Of course, the coal has to be sold on the ship, and when the ship takes it away the transaction is completed, and cannot be undone. I think I have covered the whole ground.

Mr. FENTON.—Will the decision of the Commission be final as to the price the people of Australia will pay for coal, or will this House have an opportunity to review it?

Mr. HUGHES.—The House can have an opportunity to review any decision, but the gentlemen engaged in this work are expert accountants, and their function is very simple. It is to determine how much the existing price of coal shall be added to as the result of the increased wages paid to miners. The House cannot, by any review, no matter how prolonged or meticulous, escape the fact that

if more wages are paid for hewing coal the product must cost more. But the House can have an opportunity to review the decision, and if the House says coal shall be free, I shall be perfectly satisfied, because I am a consumer.

COMMONWEALTH BANK.

SALARIES OF CLERKS.

Dr. MALONEY.—Has the attention of the Treasurer been called to the fact that a log has been declared on behalf of the Bank Clerks' Association of New South Wales? I wish to know whether any decision of the Arbitration or other Court, fixing the wages of bank clerks, will apply to the clerks employed in the Commonwealth Bank?

Sir JOSEPH COOK.—I am quite unable to say what the effect will be in the Commonwealth Bank. I should imagine, however, that the clerks of that bank will be in, at least, as good a position as the clerks of any other bank. In any case, I do not control the Commonwealth Bank clerks; I have nothing whatever to do with them.

MAIL CONTRACTORS: DROUGHT ALLOWANCE.

Mr. NICHOLLS.—Has the Postmaster-General paid the long-expected extra allowance to country mail contractors on account of the drought?

Mr. WISE.—I believe the allowance is being paid to those who have applied for it.

PRIMARY PRODUCERS.

AVERAGED INCOME TAX ASSESSMENTS.

Mr. AUSTIN CHAPMAN.—Can the Treasurer say whether he proposes to take steps to accede to the request made on behalf of primary producers that their income tax assessments shall be averaged?

Sir JOSEPH COOK.—I shall, shortly, have something to say on that matter, when speaking on the Income Tax Bill.

CONSTITUTION CONVENTION.

SUBJECTS FOR DISCUSSION—METHOD OF ELECTION.

Mr. JOWETT asked the Prime Minister, upon notice—

If, in connexion with the proposed Convention for the amendment of the Commonwealth

Constitution, he can inform the House regarding the following points:—

1. In view of the conflicting decisions regarding the respective powers of the Commonwealth and the States, and in view of the present serious overlapping of their respective powers and functions, will the matters to be discussed at the Convention include the delimitation of the overlapping powers of the Commonwealth and of the States, and thus deal with the diminished efficiency and unjustifiable expenditure which are alleged to be due to both the Commonwealth and the State Governments claiming and exercising conflicting authority in matters of legislation, administration, and taxation, to the grave disadvantage of the citizens of Australia?
2. Will the method of election to the People's Convention be that of proportional representation within each State, namely, a method by which each State shall return an equal number of delegates, such delegates to be elected by the people under the method of proportional representation?

Mr. HUGHES.—The method of electing representatives to the proposed Convention, and the matters to be dealt with thereat, will be decided by Parliament when the Bill authorizing the Convention is before the House. As I have previously indicated, the measure will be introduced as soon as the state of public business permits.

ELECTORAL ROLLS: DUPLICATION.

Mr. FENTON asked the Minister for Home and Territories, *upon notice*—

1. Whether an arrangement has been come to between the Commonwealth and the States' Electoral Departments in respect to the compiling of electoral rolls for both the Commonwealth and the States, so as to prevent the duplication that has existed for some years?
2. If such an arrangement has not been made, will the Minister do his best to expedite the bringing about of this desirable reform?

Mr. LAIRD SMITH (for Mr. POYNTON).—The answers to the honorable member's questions are as follows:—

1. A satisfactory arrangement with Tasmania has been in existence since 1909.
2. The Commonwealth has taken all necessary legislative action to enable effect to be given to the recommendations of the Conference of Commonwealth and State representative officials, held in 1915, and from time to time has communicated with the premiers of the mainland States, but, so far, without practical result.

SYDNEY POST OFFICE: ARCHITECTS' FEES.

Mr. BAMFORD asked the Minister for Works and Railways, *upon notice*—

1. Whether some person has been paid, or will be paid, the sum of £4,000, or any other sum, for the preparation of designs and plans in connexion with the proposed alterations to the Sydney Post Office?
2. Is the person, if any, so engaged a member of the architectural staff of the Public Works Department; if not, will the Minister say who it is that is being paid if any sum is being paid in this connexion?
3. Will the Minister say whether the architectural staff of the Public Works Department is competent to undertake such work as preparing designs, plans, &c., as is embraced in the contemplated alterations referred to?
4. If the architectural staff is not competent, will the Minister consider the advisability of disbanding it and employing only outside persons in relation to works undertaken by that branch of his Department?

Mr. GROOM.—The answers to the honorable member's questions are as follows:—

- 1 and 2. The sum of £3,298 was paid to Mr. W. B. Griffin for plans for remodelling the General Post Office, Sydney. He is not a member of the architectural staff of the Public Works Branch. If he had been, he would not have been entitled to fees. A sum of £659 was paid to Messrs. Webster and Gooding, quantity surveyors, for a bill of quantities in connexion with Mr. Griffin's plans.
- 3 and 4. The architectural staff is thoroughly competent, and is constantly engaged upon the design, construction, or alteration of somewhat similar buildings.

RETURNED SOLDIERS: CO-OPERATIVE ENTERPRISES.

Mr. HIGGS asked the Minister representing the Minister for Repatriation, *upon notice*—

1. Are there any departmental forms on which soldiers desiring to establish co-operative enterprises may apply for an advance of £1 for £1 by way of loan for the said enterprises?
2. Have any regulations been drawn up regarding the co-operative enterprises section in the Australian Soldiers' Repatriation Act?

Mr. LAIRD SMITH (for Mr. RODGERS).—The Commission advises as follows:—

1. No special forms have been authorized, but applications should be submitted through the Deputy Commissioner for the State concerned for consideration by the Commission.
2. Regulations are at present being drafted.

PURCHASE OF VICTORIAN SAW-MILLS.

Mr. GIBSON asked the Minister representing the Minister for Repatriation, upon notice—

Whether he will state—

1. The number of saw-mills purchased in Victoria?
2. From whom purchased?
3. At what price each was purchased?
4. In what districts?
5. The area of each purchase?
6. By whom they were valued?

Mr. LAIRD SMITH (for Mr. RODGERS).—The Commissioner advises as follows:—

1. Five.
2. Mr. G. W. Knott, Market-street, Melbourne.
- 3 and 5. The mills referred to, together with 694 acres of freehold land and timber rights over an additional area of not less than 5,000 acres, were purchased as a going concern for the sum of £48,570.
4. Beech Forest, 3; Cheviot, 1; Broadford, 1; total, 5.
6. Mr. D. Healy, 14 Queen-street, Melbourne; and Mr. A. Combes, care of Scott's Hotel, Melbourne.

PAPER.

The following paper was presented:—

Public Service Act—Appointments of H. Morell, J. Sutherland, F. Considine, R. A. Newton, A. J. Allen, Department of Trade and Customs.

INCOME TAX BILL.

SECOND READING.

Debate resumed from 28th September (*vide* page 5046).

Mr. WEST (East Sydney) [2.50].—

When I was granted leave to continue my remarks on Tuesday evening there seemed to be a tendency on the part of the Government to rush through the House this taxation proposal. No more important matter than taxation can come before the Legislature. Parliament may be likened to a dentist about to draw the people's financial teeth, but no person would engage an ordinary dentist unless he was a man who thoroughly understood his profession. Yet there are members in this Chamber who give no thought to the question of taxation, and are ignorant of the principles upon which the raising of revenue from the people is based. The late honorable member for Hume (Mr.

Falkiner) first brought before this House the suggestion that farmers should pay taxation on their average income over a period of three years. If honorable members will analyze that proposal they will find that there is really nothing in it. I do not think the farmers are anxious to evade their just share of the burden of taxation. I shall show the fallacy of the averaging proposal by an illustration. Suppose that a farmer had prosperous seasons in the years 1917 and 1918, and that his income in those years was £500 and £400 respectively. In the third year he might be affected by drought, and he would have no taxable income. Under the present system the farmer would pay taxation on an income of £500 in 1917, on an income of £400 in 1918, and nothing at all in 1919. The proposal that has been made on behalf of the farmer is that the income of the three years shall be averaged, and that he should pay on an income of £300 per annum. The total taxable income for the three years is the same under both systems. It must be borne in mind that nobody pays income tax until he has earned an income. In that regard the farmer is in a vastly better position than is the city business man or manufacturer, who has to pay Customs and Excise duty on his raw material before he can get the goods with which to earn an income. The farmer's trouble is that he is often called upon to pay in a bad year taxation on the income he earned in the preceding two prosperous years.

Mr. GIBSON.—Very often the farmer experiences two bad seasons, and then one good one.

Mr. WEST.—His trouble is that in the bad year he is taxed on his income for the good year. The farmers are being deluged by the averaging proposal, which will not be of any benefit to them at all.

Anybody who is attending to the interests of the farmer will admit that the exemption affects him as much as anybody else. The citizens to-day are required to pay a much larger amount in Customs and Excise duties than they did in 1911, when the amount of the present general exemption was fixed. In some instances Customs and Excise duties have increased from 40 to 50 per cent. It

is an old axiom that everybody should be taxed according to his means and ability to pay. If the averaging proposal is adopted, and the farmers do derive any benefit from it, the rest of the community will be required to make good the loss of revenue. In other countries the exemptions are higher than that allowed under the Commonwealth Income Tax Assessment Act. I see no reason why that should be so. The people of Australia claim a higher standard of living than do the people of other parts of the world, and we should exempt from taxation the amount of income necessary to maintain that standard. All taxation is passed on to the working or industrial classes, but none so easily as Customs and Excise duties, which are an indirect impost that everybody must pay.

The standard of living is fixed at the absolute minimum upon which a human being can exist. The exemption in connexion with income taxation was fixed at the low amount of £150 by a Labour Government which I had the honour to support in this House. But the Government did not realize at that time what was about to befall the world, although the war clouds were gathering on the horizon. The then Treasurer, in his wisdom, decided upon the lowest basis of exemption considered practicable under the conditions then existing. Honorable members are very familiar with the cost of living to-day, and with the tremendous increase since prior to the war. The proposal which I ask the Treasurer to accept is based upon the series of exemptions recommended by the British Commission dealing with this subject, and my figures are exactly the same as those adopted in Great Britain. They are virtually the same also as the exemptions existing in Canada and South Africa. In fact, in almost every civilized country to-day the taxation exemptions have been raised in keeping with the enormous increase in the cost of living. I am quite sure that the large majority of thinking people will indorse my request. Even those fortunate folk who are receiving more than an average income will agree that the industrial section of the community is having a particularly hard time, and that there should be a considerable increase in income tax exemption in order that they

may be permitted to retain sufficient of their inadequate wages to maintain life in these difficult days. If the Government continue to extract a large sum from each working man in the community the injury will not fall upon the individual and his family alone, but will be felt throughout Australia.

The matter of exchange has been referred to. There is only one practical way in which this factor in keeping up costs can be dealt with, and that is to drastically cut down the importation of unnecessary commodities. Despite the fact that the people generally are poorer than ever to-day, there is a vast amount of extravagance, particularly, of course, among those who are making huge business profits, and have plenty of money to spend. Why should a man want a velvet collar on his overcoat nowadays? If people were satisfied with good, plain materials, and were to "cut out" the purchase of luxuries, the time would be much nearer when Australians would find themselves back again in that happier state which existed before the war.

I ask the Treasurer to accept the following scale of exemptions—which, I again remind him, are not my own figures, but are those which were accepted in Great Britain, upon the recommendation of the Commission:—

For bachelors, £150 exemption.

For married persons without children, £200 exemption.

For married persons with three or more children, £350 exemption.

These proposed exemptions are based upon equity, and represent an honest endeavour to make the burden of taxation bearable.

Mr PARKER MOLONEY (Hume) [3.10].—There will be widespread dissatisfaction at the Government's failure to increase the income tax exemption beyond £156, and also the deduction of £26 for each child. Personally, I think the exemption should be as high as £300, but, at any rate, I hope that before the Bill passes the Government will see their way clear to meet the very widely expressed feeling among the community that the existing exemption is altogether too low. In my opinion, the amount should be nearly double what it was five years ago, because, since the income tax was first imposed,

Mr. West.

with an exemption of £156, the cost of living has gone up by leaps and bounds; and since the Government have not done anything in the direction of fulfilling their vague election promises to reduce the cost of living, which so seriously affects the great mass of the people who are living to-day on the bread-and-butter line, the least they can do is to increase the income tax exemption. When I was speaking recently on the Public Service Arbitration Bill, I mentioned that about 14,000 public servants in this country were compelled to accept a wage below what is really the basic wage in relation to the present cost of living; and I venture to say that, outside the Public Service, the numbers are still more startling. In fact, it is quite safe to say that at present a bare living allowance is not less than £220 per annum. Yet the income tax exemption is still maintained at what it was five years ago.

Some time ago, this House unanimously agreed to a motion submitted by the honorable member for Lilley (Mr. Mackay) that, for income taxation purposes, the incomes of primary producers should be based upon an average of five years' earnings. I could imagine no one cavilling at such a proposal, and I am sure nothing has transpired since that motion was agreed to unanimously which would cause any honorable member to change his views upon the matter. But it is surprising to find that in this Bill the Government have made no provision whatever to meet the expressed will of the House in this regard. When the Treasurer (Sir Joseph Cook) was announcing the appointment of the Taxation Commission, and the honorable member for West Sydney (Mr. Ryan) interjected, "That is a sop to prevent further action by the primary producers," implying that it was a means the Government had adopted to get out of their difficulty in regard to giving effect to the unanimous wish of the House as expressed on the motion moved by the honorable member for Lilley (Mr. Mackay), the right honorable gentleman replied, "The honorable member always suggests something sinister in connexion with any proposal by the Government." He threw cold water on the suggestion of the honorable member for West Sydney that there was a

motive behind the appointment of this Commission, or that it was really a move on the part of the Government to shirk their responsibility in regard to the matter of assessing primary producers' incomes on five years' earnings. The impression he conveyed, to my mind, was that this question of assessing primary producers' incomes was not to be intrusted to this Commission, but was to be treated as a separate matter altogether. However, seeing that there is no provision in the Bill to give effect to the wish of the House in this direction, one is led to conclude that the honorable member for West Sydney had ample reason for suggesting that the real object of the Government in appointing the Commission was to avoid the difficulty created by the unanimous decision of the House.

Mr. MACKAY.—Does the honorable member believe that this Bill affords a suitable opportunity for dealing with that matter?

Mr. PARKER MOLONEY.—I do. We ought to take the first opportunity afforded us to carry out the unanimous wish of the House. I do not think that the honorable member for Lilley is of the opinion that it is a matter that ought to be thrown upon the shoulders of the Royal Commission. I could quite understand that matters upon which honorable members were not in agreement, or upon which the House required some light or leading, should be intrusted to the Royal Commission for investigation; but this was something upon which our minds had been already made up, and upon which no difference of opinion existed among us; and this Bill affords us the very best opportunity for carrying it into effect. Since the debate took place here upon the honorable member's motion, I have received numerous letters from primary producers in my electorate and elsewhere, expressing the desire that Parliament should take the earliest opportunity of giving effect to the decision of the House. A farmer in New South Wales—which, owing to two years of most disastrous drought, is in a different position from that of the other States—has written to me stating that for the twelve months ending June, 1918, he made a profit of £2,000, whereas for the twelve months ending June, 1919, he went to the bad

to the extent of £1,500, and for the twelve months ended June last showed a further loss of £1,000. Thus, during the two drought years, instead of making a profit out of his operations, he suffered an actual loss of £2,500. He points out rightly, but quite unnecessarily, since we are all aware of the position, that if the coming season is a good one, as he expects it to be, no allowance will be made in assessing his income tax in respect of the twelve months ending June, 1921, for the losses suffered by him during the disastrous years of drought.

Mr. JOWETT.—It is grossly unjust.

Mr. PARKER MOLONEY.—There is no doubt as to that. This farmer is carrying on operations in a small way—

Mr. JOWETT.—His position is practically that of the primary producers all over Australia.

Mr. PARKER MOLONEY.—My complaint applies more particularly to New South Wales, where the farmers have had to contend for two years with a most disastrous drought. Another primary producer in New South Wales writes to me—

My position is this: I am assessed on income for 1919-20, £1,113. Tax payable, £54 14s. 11d. This year I have to borrow £500, and I even have to borrow what is necessary to pay this tax—the amount of £54 14s. 11d.

The system is so inequitable and unjust that we should avail ourselves of the opportunity which now presents itself to remedy it.

Sir JOSEPH COOK.—There is an opportunity existing under the law as it stands for that man to obtain relief if he likes to apply for it. He can have his case reviewed.

Mr. GIBSON.—Under section 64 of the Act.

Mr. PARKER MOLONEY.—Those who make such applications are put to a very great deal of inconvenience and trouble, and in the end do not obtain much satisfaction. Our object should be to make the law so clear and straightforward that the people will know exactly where they stand. A debate which took place in this House a few weeks ago revealed the fact that honorable members were practically unanimously in favour of so amending the Income Tax Act as to provide that in the case of primary

producers assessments should be based on a five years' average. We have an opportunity to amend the law in that direction to-day. We should insert such a provision in this Bill.

Sir JOSEPH COOK.—Not in this Bill.

Mr. PARKER MOLONEY.—What objection can there be to such a clause?

Sir JOSEPH COOK.—I can give the honorable member quite a number of reasons.

Mr. JOWETT.—Will the right honorable gentleman bring down a Bill to give effect to what is evidently the view of the House?

Sir JOSEPH COOK.—When I am allowed to speak, I will tell the honorable member.

Mr. PARKER MOLONEY.—It is not necessary to bring down another Bill for that purpose. We could insert the necessary provision in this Bill.

Sir JOSEPH COOK.—Here is a chance for a bit of mischief. Go ahead! It is not the struggling taxpayer of whom the honorable member is thinking.

Mr. PARKER MOLONEY.—We cannot make a suggestion to the Treasurer without being told that we have some sinister motive. When the right honorable gentleman was announcing the appointment of the Taxation Commission, the honorable member for West Sydney (Mr. Ryan) interjected that that would be a means of giving effect to the proposal for a five years' average basis in the case of primary producers, and was told, in reply, that he had some sinister object in view.

Sir JOSEPH COOK.—This is tedious repetition.

Mr. PARKER MOLONEY.—The Treasurer does not like this criticism.

Sir JOSEPH COOK.—I do not like this waste of time.

Mr. PARKER MOLONEY.—The primary producers will not consider it a waste of time on my part if, as the result of my representations, they secure a much-desired amendment of the law. I feel so strongly on the point that, unless the Treasurer can show that it is unnecessary, I shall move the insertion of a new clause in this Bill.

Sir JOSEPH COOK.—The honorable member knows as well as I do that this is merely a rates Bill. It is not a Bill to alter the general income-tax law.

Mr. PARKER MOLONEY.—I see no reason why we should not make the amendment which I have suggested, and also insert a clause raising the exemption as it should be raised. The exemption which was just and equitable five years ago is not equitable to-day. I represent a portion of Australia where thousands of primary producers have been ruined by the last two years of drought.

Sir JOSEPH COOK.—If those men have been ruined, they need not pay any income tax.

Mr. PARKER MOLONEY.—What is the use of making such a statement? I have just read a letter from a farmer in the drought area, showing that he has been called upon to pay £54 14s. 11d.

Mr. RICHARD FOSTER.—I do not care what he says. I know cases where men so situated have obtained relief.

Mr. PARKER MOLONEY.—The farmer to whom I have referred tells me that the Deputy Commissioner of Taxation gave him until the 24th May last to pay £54 14s. 11d.

Mr. RICHARD FOSTER.—Why did not he avail himself of section 64 of the Act, and obtain relief?

Mr. PARKER MOLONEY.—Why quibble! Why not have a straightforward clause in this Bill providing that primary producers shall be assessed upon the five-years' average basis?

Sir JOSEPH COOK.—That "quibble" happens to be the simple truth. It is set out in plain terms in the Act.

Mr. PARKER MOLONEY.—And yet the Deputy Commissioner of Taxation is apparently unaware of the simple provision to which the Treasurer refers, since he gave this man notice that he must pay his income tax by a certain date.

Mr. STEWART.—I was not aware of the provision in question until a few days ago.

Mr. PARKER MOLONEY.—Evidently the Deputy Commissioner of Taxation is not aware of it.

Mr. BRUCE.—He probably knows of it, but he never tells the taxpayers of it.

Mr. STEWART.—That is a roundabout way of doing business.

Mr. PARKER MOLONEY.—It is; it shows that a certain amount of "covering up" is going on.

Sir JOSEPH COOK.—Here is the Act; read it and see how the provision as to relief is "covered up."

Mr. PARKER MOLONEY.—The honorable gentleman can read it to the House when he is making his statement. I shall be pleased to hear it.

Sir JOSEPH COOK.—Meantime go on making all these fearsome statements of yours. No doubt they will be published in the local *Thunderer*, and the honorable member's constituents on reading them will say, "Look what Parker Moloney says. He is the boy!"

Mr. PARKER MOLONEY.—It happens that all the "thunderers" in my electorate support the right honorable gentleman's party. But, despite what they or the Treasurer may say, I always win. I care not what statements they make; my only desire is that justice shall be done to a great section of the people of this country who have been practically ruined by the drought, and who want to know exactly where they stand in the matter of income tax.

Sir JOSEPH COOK.—And I desire, just as much as the honorable member does, that justice shall be done to those men.

Mr. PARKER MOLONEY.—The right honorable gentleman will have an opportunity to prove the sincerity of his professions. Unless he can prove that my suggestion is unnecessary, I shall move in Committee the insertion of a new clause giving effect to the expressed desire of this House, that income tax in the case of primary producers shall be based upon a five years' average. That will place the matter beyond all doubt.

Mr. BRUCE (Flinders) [3.32].—This Bill, as I understand it, is really a stop-gap measure designed to carry on until such time as questions relating to the whole method of income-tax assessment and how the burden is to be borne can be determined. The Government have come to the conclusion that, in order that a proper determination may be arrived at, the whole matter must be inquired into by a Taxation Commission. With that decision I am entirely in accord. Various statements have been made during this debate to the effect that we have all the information necessary to enable us to place our income-tax laws in order; that there is no

need to hesitate, but that we can go ahead now and so recast our income-tax legislation that it will operate justly and equitably. I entirely differ from that view. I would remind honorable members that this is probably the most difficult question that we have to consider, and involves more detailed and technical knowledge than the majority of subjects with which we have to deal. I have a good deal to do with income assessments in both Australia and Great Britain, and in respect of certain types of assessments I rather imagine I can pose as an expert. When I go outside my own line, however, I am as helpless as a child in considering how the assessments should be dealt with, and the basis upon which the returns should be made. That being so, I most certainly consider that we can only hope to have the whole of our income-tax legislation placed on a just and equitable basis as the result of careful inquiry by the Taxation Commission. The Commission, having regard to its personnel, has an intimate knowledge of these matters, and can gain any further knowledge it requires by the examination of witnesses. In this way we shall be able to secure a decision that will result in the burden of taxation that has to be carried being placed equitably on the shoulders of those best able to bear it.

We have had several references to the uselessness of Royal Commissions, but I am inclined to think we may have the same experience as in Great Britain. The British Income Tax Commission has issued its report, and any one who has read it must agree that it is truly a mine of information. Its recommendations are based on sane and sound principles, and, above all, they are directed to placing the burden upon the shoulders of those best able to bear it.

Sir JOSEPH COOK.—It is a monumental report.

Mr. BRUCE.—The fact that the Chancellor of the Exchequer, in introducing the Budget in Great Britain, gave a special meed of praise to the work done by the Chairman and the Commission is a good augury for the results we may hope to obtain from a similar inquiry in Australia. In Great Britain the

problem is a very difficult one; but here, strange as it may appear, it is almost more difficult. Here questions have to be considered in view of Great Britain's decision regarding double taxation and similar matters. I defy any one who has not considerable knowledge of these questions to express an opinion as to what is a fair and equitable arrangement to come to.

As to double income tax, we have a certain obligation; and I would like to ask the Treasurer whether the question has been considered, and whether we propose to take our share of the burden, the major portion of which has already been shouldered by Great Britain. Great Britain has undertaken to halve the burden of taxation, provided that elsewhere within the Empire a higher rate is being paid, or a rate which brings the amount paid by the taxpayer up to the maximum amount. But Great Britain will not go further than give relief to the extent of half the tax. The Chancellor has stated that Great Britain will do this; and the report of the Royal Commission recommends that the double income taxpayer shall be placed on equitable terms with the maximum payer in any part of the Empire, and that any further burden shall be borne by the Dominion concerned. But he made it clear that whether the Dominions are prepared to take any share of the burden or not, Great Britain is prepared to take her share.

Sir JOSEPH COOK.—I thought you were going to say the Chancellor had made the whole thing very clear.

Mr. BRUCE.—It is a very difficult subject.

Sir JOSEPH COOK.—It is as complex as can be.

Mr. BRUCE.—It is a complex subject, but I ask the Treasurer whether he has considered this point, and whether anything is going to be done. A simple example may, perhaps, make the matter clear. The rate of income tax in Great Britain is 6s. in the £1 for a company trading in Australia as a British registered company, though the profits are all earned in Australia; and it also pays income tax in Australia. The British authorities say that if such a company is paying an amount equal to 6s., they will relieve it to the extent of 3s., or one-half of the tax; and in Great Britain it will pay 3s. instead of 6s., provided it pays at least

3s. in Australia. But it might be that the company is paying here not 3s., but 3s. 6d. Great Britain, however, will only relieve the company to the extent of 3s., so the company will pay 6s. 6d.—3s. in Great Britain, and 3s. 6d. in Australia. Great Britain suggests that as she has relieved the taxpayer of 3s., Australia shall relieve him of the 6d., and thus bring him into line; and, personally, I think that is a very equitable suggestion.

Sir JOSEPH COOK.—If the corollary goes with it; that is to say, that we collect tax on incomes derived outside, in the same way as Great Britain does.

Mr. BRUCE.—I do not think that point arises at the moment. All they are attempting to do now is to see that, within the Empire, the taxpayer does not pay any more than I have indicated. Now, take the case of a British registered company, which does the whole of its trade in Australia. Supposing Australia gives relief to the extent of 6d., such a company will pay 6s. in the £1 inside the Empire, while the Australian registered company would be paying only 3s. 6d. in Commonwealth and State taxation. The position is that the British registered company, with all this relief, will still pay 6s., as against the smaller amount paid by the Australian company.

Mr. TUDOR.—But if the British company registered in Australia, instead of Great Britain, it would pay the same rate as the Australian company.

Mr. BRUCE.—Companies may register in Australia, with the result that they are called upon to pay only one tax; and that, indeed, is what companies are being driven more and more to do. So far as Australia is concerned, that appears, at first sight, to be a great advantage, but, as a matter of fact, it is really a disadvantage. While a company remains registered in Great Britain, it is simple enough, if it is a company of good standing, to raise capital for the development of Australian enterprises in Australia. But when a company registers in Australia it cannot raise capital in Great Britain unless in very exceptional cases; it is practically impossible to do so. The result is that such a company is driven to our own local money market. It is desirable, if we can, to create as many new enterprises as possible in Australia, and to that end we need a great deal of money. It is taken pretty well as an axiom that in the future we must finance

our own Government expenditure, loan or otherwise; and with the demands for money for War Service Homes, repatriation generally, and in other directions, it will be very difficult to raise capital for commercial enterprises. It seems, therefore, a pity to do anything for our income tax law which may have the effect of making it almost impossible to obtain money from outside sources for those ordinary trading ventures.

The point raised by the Treasurer is, of course, a very material one. He says we are in a different position from Great Britain, inasmuch as Great Britain taxes all incomes, wherever derived, whereas Australia taxes only incomes derived in Australia. The principle that Great Britain operates on is that we have the protection of the British nation and the British Fleet—that the British nation is behind us in our foreign enterprises—and for this we ought to pay. In Australia we take a different view, and this shows the necessity for a Commission to consider every phase of income tax assessment.

Mr. STEWART.—Royal Commissions in the past have been the cause of much delay and of the shelving of projects, and, therefore, we are suspicious of them.

Mr. BRUCE.—That may be; but we have an example in the British Royal Commission, which did invaluable work. This is a question in which we are keenly interested, and we are going to see to it that the report of the proposed Commission is in our hands within a reasonable time. If, as I anticipate, the report contains information that is valuable to us, we shall be better equipped to deal with this complex and difficult subject. That there are innumerable questions to be decided must be apparent to everybody.

Reference has already been made to the question of the collection of income tax at the source instead of from the individual taxpayer. That is an extremely important question; and it is very difficult to say which is the better system.

Mr. TUDOR.—While there is a progressive tax, each income should pay its proportion, and not be taxed at the source.

Mr. BRUCE.—That interjection shows how great are the difficulties to be faced, and how we must consider the whole position before we take any action. The honorable member says that, with a

graduated income tax, the taxation should be obtained from the taxpayer, and not at the source.

Sir JOSEPH COOK.—And that is the interjection of a man who thinks that all the big men should pay more, and not less!

Mr. TUDOR.—Hear, hear! You do me no injustice in saying that.

Mr. BRUCE.—There are several considerations which make it very doubtful whether this taxation should be obtained from the individual. I have referred to a hardship suffered by British registered companies; but with that hardship they have some slight privileges, one of which arises from the fact that we in Australia do not collect income tax at the source. All companies in Australia pay only on the undivided profit. This means that a British registered company trading in Australia, with, perhaps, the whole of the shareholders in Great Britain, pays 2s. 6d. income tax on its undivided profit, and on the balance, which possibly goes to people with large incomes, who should pay 3s. 6d. or 4s. 6d., or even higher, instead of 2s. 6d., we receive only 8d. by way of absentee tax. This case seems to show that there may be something in the proposal to collect the taxation at the source; the only trouble is that such collection may be beyond our constitutional powers, the persons concerned being outside our jurisdiction. To-day in Great Britain, where the tax is collected at the source, super tax is collected from the individual. A man with an income of over £2,500 a year pays 6s. in the £1 collected at the source for any shares he holds in a company, and then he has to put in his own return, and, in addition, pay the balance due for super tax. The same thing should operate perfectly well here. If the whole basic amount were collected at the source, it would facilitate the collection to a certain extent, the balance being collected from the individual taxpayer. I do not want to be understood as advocating the collection of the income tax at the source; I am merely putting it that the question is arguable. For that reason, it is imperative that the matter should be very fully considered, and we should have the greatest possible volume of evidence before we plunge into what might prove to be hasty

and, possibly, ill-conceived legislation. We should realize how complicated the subject is. There is, for instance, the question of the assessment of husbands and wives. That was attacked by many people in Great Britain, where a husband and a wife are assessed upon their joint income. If the joint income is £6,000—£4,000 for the husband and £2,000 for the wife—they each pay tax at the higher rates applying to £6,000 as if the two incomes were one. It has been argued that the joining of the two incomes is an infringement of the rights of the individual woman citizen by merely making her an appendage to her husband. On the other hand, it has been contended that the process is fair and just, because the basis of income taxation is the ability to pay, and if there is an income of £6,000 in the home enjoyed by two people living together they are well able to pay taxation at the higher rates. I have indicated some of the questions that must be considered very carefully by the Commission.

I ask the Treasurer whether he will give attention to the matter of the relief which has been suggested by the Commission in the case of double income payments. If that is his intention, I appeal to him to do it within the next few years. My request may sound humorous, but it is not so; it is based on hard facts. The war profits taxation legislation in Great Britain and Australia contemplated an arrangement between the two Governments whereby whichever tax, British or Australian, was the higher should be collected and then apportioned between the two Governments. That was to have been brought into force by an Imperial Order in Council, and by whatever is the corresponding procedure in Australia. So far as I have been able to ascertain, nothing of the sort has been done, although the arrangement is three years old. The inevitable result of the delay will be a heavy and serious loss in revenue to Australia. It is well within the knowledge of honorable members that the Commonwealth was very late in imposing taxation on war-time profits, and that when the first collection took place in respect of the excess profits made during the first year of the war Britain had

already made three collections of the war-time profits tax. I know, for a fact, that the agreement between the two Governments has been drawn up, but, so far as I know, it has not yet been proclaimed. Mr. Collins, the secretary to the Treasury, is now in London, and I suggest that the Government should instruct him to finalize this arrangement. I am of opinion that Australia will be the loser in the long run by the delay that has taken place, because Great Britain has collected the tax for a number of years, and it will be difficult to readjust the accounts and ascertain how much was collected from companies that trade in Great Britain and Australia, in order that Australia may get her fair proportion. The unfortunate taxpayer might be asked to pay to both Governments in full. I do not think anybody will suggest that such an iniquity should take place; and that does not appear to be the intention of the taxation authorities here, because in all cases they have asked companies, when making up their figures for Australia, to state the amount paid in war-time profits taxation in Great Britain. I point out, however, what would happen if such an iniquitous thing were done. Great Britain has collected a tax of 80 per cent. on all profits in excess of the pre-war standard. There is only 20 per cent. left for taxation. If Australia, so late in the day, is to come in and collect 75 per cent. of the 20 per cent., it will mean that the taxpayer will pay in taxation 95 per cent. of his excess profits to one Government or the other. But whilst the Treasurer might, with utter disregard to the unfortunate taxpayers, be prepared to commit that iniquity, I think he will not do it when he realizes that he must lose his fair share of the taxation collected by Great Britain, which has been taking 80 per cent. of excess profits for years, and there remains only 20 per cent. on which Australia can possibly levy its tax of 75 per cent.

The only reason why I speak on this measure at all is to emphasize the extreme complexity of the taxation problem. I think I have probably had as much experience as have had most honorable members on questions relating to income tax, but I am not prepared to make a serious attempt to put income

taxation on a proper and equitable basis until I have had the opportunity of considering the evidence to be obtained, and the report to be made by the Royal Commission. Meanwhile, revenue must be obtained, and as we are not in a position to deal with the whole question of taxation as it should be dealt with, I am prepared to support the Bill as merely a stopgap arrangement.

Mr. CHARLTON (Hunter) [3.56].—Thousands of people throughout Australia will be disappointed by the failure of the Government to increase the amount of the general exemption. The honorable member for Flinders (Mr. Bruce) has argued that in view of the fact that a Royal Commission has been appointed to inquire into taxation matters, this Bill should be supported as a stopgap measure. He pointed out that there are many complex questions involved which make it necessary that a thorough inquiry should be made into the whole subject. Whilst that is true, there are certain facts which stand out so clearly that no Commission is required to report upon them. I refer particularly to the amount of income on which the Government can commence to impose taxation. I remember that when Parliament passed the measure in 1914 for the purpose of raising revenue to defray portion of the cost of the war, the basis of exemption was the income necessary for a person to live and maintain a family in reasonable comfort. Parliament fixed the amount at £156, although even then I thought it was too small. But whatever justification may have existed for fixing the amount of exemption at £156 in 1914, has disappeared. The cost of living has increased considerably; including clothing, food, and other necessities, it has probably doubled. That being so, and if Parliament accepts the principle of not taxing the minimum living income, we should at least double the exemption. An income of £300 is little enough on which to maintain a home under present conditions. Unfortunately, during the war, when the cost of living was increasing, the Act was amended in order to further tax the poorer people. Parliament provided that the exemption of a single man should be only £100, and that for every £4 earned by him in excess of the £100, £1 should be deducted from his exemption. Thus a man with an income of £140 would be entitled to an

exemption of only £90. In the case of the married man Parliament provided that for every £3 in excess of £156, £1 should be deducted from the exemption. Thus, a married man who earned £200 would have his exemption reduced by £14. Yet we have evidence on every hand of the increase in the living wage, due to the fact that the purchasing power of a sovereign to-day is no greater than that of half a sovereign when the income tax was first imposed. In view of these facts can we shelter ourselves behind a Commission, and take no action pending the receipt of a report from that body? It is absolutely necessary that the Act should be amended immediately in order to increase the exemption. Almost every industrial organization throughout Australia has, by resolution, instructed its representatives in Parliament to take steps to have the exemption increased, but, in spite of that fact, the Government are doing nothing. Reference has been made to the Royal Commission which inquired into taxation matters in Great Britain, and the Treasurer remarked by interjection that the voluminous report of the Commission contained a vast amount of valuable information. Exemptions in the Old Country are generally below those in Australia, but the Imperial Commission recommended that the exemption for a bachelor should be £150, or £50 more than we allow in Australia; for a married couple with no children £250; and for a married couple with three children £350.

Sir JOSEPH COOK.—Make it £600.

Mr. CHARLTON.—A few moments ago the Treasurer was commending the Imperial Commission's report; but when I quote one of its recommendations, he ridicules it.

Sir JOSEPH COOK.—I remind the honorable member that the British workman pays 30s. per head more in Customs taxation than does the Australian workman.

Mr. CHARLTON.—The Treasurer is trying to raise a side issue. I am very concerned as to what our people will be paying in the way of indirect taxation in the near future, because we do not yet know the effect of the new Tariff. We do know, however, that the poor people will have to pay very much more than they do to-day.

Sir JOSEPH COOK.—I thought protective duties cheapened goods.

Mr. CHARLTON.—The right honorable gentleman knows from his Customs receipts what the effect of the new Tariff has been.

Sir JOSEPH COOK.—The honorable member is an old Protectionist, and he used to argue that protective duties would mean reduced prices.

Mr. CHARLTON.—I am an old Protectionist; but I am pointing out that the indirect taxation on the poor people will increase until we get our own industries established.

Sir JOSEPH COOK.—I suggest that our indirect taxation is not nearly as heavy as that which the British people pay.

Mr. CHARLTON.—The facts I have quoted speak for themselves. Nothing the Treasurer has said controverts them.

Sir JOSEPH COOK.—I am merely setting against them another set of facts.

Mr. CHARLTON.—The Imperial Commission reported—

The reasons which have been given to us for raising the exemption limit are—

(a) That the cost of living has greatly increased since the present limit was fixed;

The same argument applies to Australia, where the cost of living has doubled since the exemption limit was fixed—

(b) that there should be no taxation on an income so small that it is only sufficient to satisfy ordinary human needs;

That is the argument I have just adduced—

(c) that existing indirect taxation lays upon the person with a small income the full share of the State burden which he ought to be called upon to bear.

Sir JOSEPH COOK.—Hear, hear! That is the point I have just been citing.

Mr. CHARLTON.—I am pointing out to the House that the very thing which that Commission condemns is being practised in Australia, and for that the Treasurer is responsible through his Budget proposals. This is a matter of vital importance. It is not fair to increase the amount of a person's taxation when there is every reason why it should be reduced. But it is now intended to impose 5 per cent. upon income assessments. I emphasize that this new imposition, in a period of stress, when everybody is hoping

for a decrease in the amount of income tax, will prove a shock to the community. I have realized all along, of course, that the war was bound to create a huge burden for us to carry, and that enormous sums would have to be specially raised and ear-marked to meet our liabilities arising from it. It was inevitable that fresh taxation should be imposed to permit of the payment of interest on borrowed money, and to provide a sinking fund to wipe out the debt in a reasonable number of years. But I stress the point that the money should be derived from those in the community who are best able to pay. The Treasurer once told honorable members that the difference between the number of those who received £156 per annum and those who earned £200 per annum amounted to only about 4 per cent. If the exemption were to be made £250 the percentage of difference would not represent more than about 8 or 9 per cent. The necessary money could still be secured if the Government would agree to raise the exemption.

Mr. McWILLIAMS.—You agreed to take away money from the Treasury when the tax upon picture shows was reduced the other day.

Mr. CHARLTON.—However that may be, the amount required could be collected by increasing the rate of taxation in respect of persons with incomes above the proposed exemption.

Sir JOSEPH COOK.—Hear, hear! Stick it on to the other fellow.

Mr. CHARLTON.—The Treasurer is sticking it on to people who should not be asked to pay. We borrowed a huge sum of money to pay our soldiers for their services. Our men have returned, and the majority of them to-day are earning salaries ranging around £200 per annum; many of them, too, are supporting families. We say to those men, "You went away to fight for us, and we were compelled to borrow money to pay you for your services. Now that you are back home we are going to ask you to pay us something out of your wages so that we may repay what we borrowed on your behalf." That is not fair. We should not ask such a thing. Most of the Labour organizations throughout the country have carried resolutions urging that the exemption in connexion with income taxation should be

raised to an amount varying between £250 and £300. I think, personally—and am only consistent in expressing the view—that the exemption should not be less than £300. I have never, even prior to the war, favoured the exemption being fixed below £200. And, remembering the high cost of living to-day, I would still be no more than consistent if I were to advocate that the exemption should be nearer £400. We cannot lose sight of the fact that, generally speaking, there are very many people in the community who made huge fortunes during the war, and who now have larger incomes than they dreamed of prior to 1914. There is no reason why they should not be made to pay taxes on such a basis as will very materially assist the Government to discharge their liabilities arising from the war.

As for the formula, its alteration may be a matter for consideration by the Commission; but I strongly urge that it should be simplified. There are very few people who understand the formula. Why should not the Government simplify it? Why should they not say that, in connexion with incomes between £300 and £500, taxpayers should be required to furnish a fixed sum in the £1; and similarly upon incomes above £500, and so on? Thus, everybody would know just how much he was required to pay. I have no complaint to make of the actual assessments issued by the Department. The officers do good work, and I have not known them to be at fault; but because people do not understand the system, they believe that mistakes are made. Even explanations are very difficult to furnish which are convincing in the eyes of aggrieved parties. In New South Wales we have no such formula as in the case of the Commonwealth Department. The State authorities require a fixed amount in every £1, and taxpayers know, or are in a position to know, just how much they should pay.

I have a complaint to make which chiefly concerns tenant farmers. There are large numbers of these folk scattered throughout Australia, and I represent some who are established in my own district. A tenant farmer takes a farm, and pays so much per annum by way of rent. There is a house on the property, in which he resides; and he pays rent for

that. Under the present method of assessment, the tenant farmer is charged income tax on the capitalization of the house. I do not think it was ever so intended by Parliament. Honorable members never realized that a man placed in such circumstances would be taxed for something which did not belong to him.

Sir JOSEPH COOK.—Oh, yes; clearly. I remember the debate very well.

Mr. CHARLTON.—I am not too certain about that.

Sir JOSEPH COOK. — Any honorable member who was in Parliament at that time must have been fully aware of the position.

Mr. CHARLTON.—I will read the instructions which are sent out to farmers and graziers by the Department—

Income earned in pastoral and agricultural industries, such as farming, dairying, vine-growing, fruit-growing, or market gardening, should be returned in Part D of the form of return. If you own the land and reside thereon, you should show 5 per cent. of the fair capital value of your residence under item 21.

That is a fair proposition, and is what I had understood all along. The instructions proceed—

If your land is leasehold, not in course of purchase from the Crown, you should not return 5 per cent. of the value of the residence thereon.

Is that not plain enough? Here are the instructions despatched from the Taxation Office to the man on the land, telling him that it is not necessary that he should include in his return the item of 5 per cent. as the equivalent of the capital value of his residence; that is, if he is holding his land on leasehold. But, if it is necessary for him to do so, then it is tantamount to double taxation. If I own a certain property, and lease it to some one else at a rental of £100 per annum, that amount, being part of my income, must be shown as such in my return; but if my tenant is also to be charged a capital value percentage, the practice amounts to double taxation.

Mr. JAMES PAGE.—But a tenant pays for the leasehold; he does not pay for the house.

Mr. CHARLTON.—I have read the instructions sent out from the Department, and there is no getting away from them.

Mr. JAMES PAGE.—Then, seeing that the Commissioner tells a tenant that he is not required to show 5 per cent. of the capital value of his residence, if the tenant does show the amount, he is a fool.

Mr. CHARLTON.—My complaint is that the Taxation Department makes these leaseholders show the amount. And—what is more—if the taxpayers concerned have not done so in their returns for previous years they are called upon to furnish reasons why, and are compelled to pay up. I will now read a letter, bearing upon this matter, from the Acting Deputy Commissioner in Sydney to a reputable citizen for whom I can vouch, but whose name it is not necessary to give:—

Adverting to your letter of the 20th June, 1920, protesting against the addition to your income in the assessment issued in respect of the above-mentioned return, of £20 as representing 5 per cent. of the capital value of your residence, on the ground that you do not own any property, and pay rent for your farm, I have to invite your attention to section 20 (f) of the Income Tax Assessment Act, which provides—

“A deduction shall not in any case be made in respect of rent of any premises or part of premises not occupied for the purpose of producing income.”

Would any one say that a man who was paying rent for premises, in the case of his leasing a farm, was not occupying those premises for the purpose of producing income? Such a person would be living in the house because he was compelled to do so, it being part of the bargain into which he had entered when taking over the leasehold. Yet the authorities say that they will make this man pay income tax in respect of a house upon which some one else is already paying taxation. Since I held the view that the Deputy Commissioner in Sydney was wrong, I personally submitted the matter to the Federal Commissioner in Melbourne, and received the following reply:—

With reference to your letter and attached correspondence, the assessment as made is correct.

The action taken is really not to include the £20 as income, but to disallow as a deduction that portion of the annual rent which was paid for the residence. Section 20 (f) quoted in the letter of the Deputy Commissioner to Mr. —, clearly requires this to be done.

Instead of allowing a net deduction of £80 for rent paid, the full amount of £100 paid is allowed, and £20 is included as income. The ultimate result is the same.

The Act forbids deduction of rent paid for a private residence, but it permits a deduction of so much of the rent as is attributable to any part of a residence which is set apart and used for income producing business purposes.

There is no double taxation in this case any more than there is double taxation in the case of money which the taxpayer pays to his tailor for clothes. The tailor pays tax on the money so paid, but the person paying it is not allowed to deduct the expenditure in his income tax assessment.

In the present case the taxpayer is merely debarred from deducting the rent from his income, however derived, whether from wages, dividends, business, or farming profits, or other sources.

There is no relation between my paying a bill to a tailor and this matter which I have taken up on behalf of a tenant farmer. If I pay my tailor his bill he must show the amount received as part of his general income when furnishing his annual return; and upon that return he is taxed. In the case of a leaseholding tenant-farmer, rent is paid to another party, and the latter individual shows it in his return as part of his income, upon which he is accordingly taxed. But the authorities then say to the tenant-farmer that he must pay tax upon the capitalized value of the residence for which he is paying rent. I repeat that I do not think that was ever contemplated by Parliament, and that expression of opinion is supported by the very language of the instructions sent out by the Taxation Department to guide farmers and graziers in furnishing their returns. I realize, of course, that it is the duty of the Department to secure the largest amount legitimately possible; but here, I think, there is the straining of a point to get money to which the authorities are not properly entitled. At any rate, it is a palpable injustice, and is particularly hard on a type of primary producer who goes on improving and further improving a property year by year, and who, perhaps, at the end of his period of leasehold, has to get out without reaping the benefit of any of his improvements.

Sir JOSEPH COOK.—Will the honorable member furnish me with the particulars of the case which he has mentioned?

Mr. CHARLTON.—I will gladly do so, and I hope the Treasurer will reconsider the decision of the Department.

Sir JOSEPH COOK.—My officers are puzzled with this case; they say that it should not be so at all.

Mr. MCWILLIAMS.—But they have been making the farmer pay.

Sir JOSEPH COOK.—If he has paid wrongly, he can get the amount back.

Mr. CHARLTON.—I reiterate that the exemption should be raised to £300 at least; and I hope that, if the Government will not agree to the suggestion, honorable members will clearly bring home to the Treasurer their unanimous desire for an amendment of the law in that direction.

Mr. FENTON (Maribyrnong) [4.20].—Honorable members have already advanced views with which I am in agreement, so that I need not say much upon the second reading of this Bill, but I urge the Treasurer to endeavour to make some arrangement in regard to the exemption. No doubt he will reply that every penny of the money proposed to be raised is badly needed, and that in these times of emergency every one in the community should be called upon to contribute. Mr. Knibbs informs us that there are 282,000 persons in Australia whose taxable income is under £200, and that the income tax paid by them amounts to £489,000. These people pay about £1 15s. per head, or $4\frac{1}{2}$ per cent. of the whole of the income tax collected by the Commonwealth. No doubt the Treasurer will say that, although he is aware of the struggles of this section of the community to make ends meet owing to the high cost of living, he cannot afford to relinquish the revenue he derives from them; but the majority of these people are not in the position of the rich man, who can pass on any taxation he is called upon to pay. They cannot pass it on. The taxation of this country is passed on by all taxpayers, except landholders and people on fixed salaries.

Sir JOSEPH COOK.—If we remit this £1 15s., will not some one else higher up in the scale be obliged to pay it, and pass it on, as the honorable member will contend, with something added to it? What relief, therefore, would be afforded to the person whom the honorable member wishes to exempt?

Mr. FENTON.—As a rule, the man whom I wish to exempt has a fixed salary, with no means of passing on the tax.

Sir JOSEPH COOK.—And he cannot pass it on "with something added to it."

Mr. FENTON.—Evidently the Treasurer means that if we relieve these 282,000 taxpayers from the obligation to pay income tax, the other man higher up the scale, who would be called upon to pay more, would still pass it on with an addition.

Sir JOSEPH COOK.—It is the honorable member who says so, and I am inclined to think that he is not far wrong.

Mr. FENTON.—What the right honorable gentleman says only serves to indicate how iniquitous this form of taxation may be. Honorable members on all sides confess that the poorer section of the community and those who work on the land cannot pass on any form of taxation unless some of the latter happen to be in a position in which they can fix the price of their produce.

Sir JOSEPH COOK.—The honorable member is a great reformer. Can he suggest any scheme by which taxation may not be passed on?

Mr. FENTON.—Not for the moment, but the time is coming when relief must be granted to the strugglers in the community by preventing the steady increase from day to day in the prices of clothing, foodstuffs, boots, and all the requisites for the maintenance of human beings in our midst, by which merchants and others pass on this form of taxation. Even under our Constitution as it stands to-day, the Commonwealth Parliament could grant some measure of relief to the poorer sections of the community.

Sir JOSEPH COOK.—But the honorable member cannot prevent taxation from being passed on.

Mr. FENTON.—I maintain that we can prevent a great many of the injustices that are now being imposed on the community. We cannot always fall back on a faulty Constitution as an excuse for not helping people in distress. Without commenting upon the composition of the Taxation Commission recently appointed, I wish to say that I expect very little relief from the result of its investigations. According to the honorable member for Flinders (Mr. Bruce), it will follow the example of a similar body in Great Britain, and go into all the pros and cons of the incidence of taxation, and formulate a scheme for submission to this House by

which taxation will be more equitably distributed; but, in my opinion, taxation can never be equitably distributed by any Parliament or any Commission unless at the same time steps are taken to relieve people from being overcharged for the goods they need. That is the method by which the rich man avoids paying taxation. He merely laughs at any tax we may impose upon him. If he is called upon to pay a tax of £15,000 in one year he promptly adjusts the matter by increasing the price of his goods, making sure at the same time, as the Treasurer has hinted, that he has added a little more than may be actually required.

Mr. BELL.—The honorable member is evidently supposing that there is no competition in business, that everything is a monopoly, and that all prices are regulated as by a Price-fixing Commission.

Mr. FENTON.—The honorable member will admit that prices are fixed to-day. By whom? By the vendors of the goods.

Mr. BELL.—Not in every case.

Mr. FENTON.—No; I am not speaking of primary production in this connexion. The primary producer can only pass on the tax when he can fix the price of his products. In most instances he cannot do so. On the other hand, big merchants frequently, if not always, combine to fix prices among themselves, and pass on this form of taxation to the persons who buy their goods. I was disappointed by some of the remarks of the honorable member for Flinders (Mr. Bruce). I contend that we ought to be able to tax to the full the profits of any company registered in Britain which makes profits in Australia. The honorable member pointed out that it is easier for a company with a registered office in London to approach the British money lenders for the purpose of raising funds by debentures or otherwise whenever it is necessary to do so than for a company registered in Australia to raise money in Britain, and I am quite aware that we have obtained a fair amount of capital in that way, but the interest bill which is payable to British investors has to be met by the Australian consumers, and it is better that any interest payable on money invested in Australian enterprises should be distributed among Australians.

Mr. McWILLIAMS.—It is handy to have a little capital coming in at the present time.

Mr. FENTON.—If the honorable member perused the commercial columns of the newspapers he would see that during the past few months quite a number of companies have been registered in Australia or have increased their capital, and the money involved amounts to millions, which has all been raised in Australia. As a matter of fact, Australians are now becoming accustomed to finance themselves, not only in a public, but also in a private sense. It is better for all concerned. At any rate, it means that we are not paying so much interest to investors in other parts of the world. I hope that the Treasurer's brightest anticipations with regard to the labours of the Taxation Commission will be realized, and that it will submit to this House some scientific scheme for the application of taxation which will overcome the possibility of the rich man passing it on to the poor man. The Treasurer has promised me privately that he will take steps to have a leaflet issued from the Taxation Department that will explain by a number of examples how the income tax is imposed, thus enabling any taxpayer to compute the tax that may be levied upon a certain income. The system now employed would puzzle the wisest and cleverest mathematicians in our community. I trust that in this Bill or in another measure the exemption will be increased. I hope that the Commission will bring down a report speedily, and that this Parliament may soon get to work to devise a more equitable system of taxation.

Mr. McWILLIAMS (Franklin) [4.31].—I have no intention of dealing with general financial questions on this Bill. The Treasurer will need every penny he proposes to raise by this tax to meet the expenditure which he has proposed, and I regret that I was not here to try to prevent a certain tax being taken off which provided a fair amount of revenue.

I wish I could look with the faith that some honorable members have on the appointment of the Taxation Commission. There are not many phases of income taxation which have not already been tried in Australia. The method of collecting the tax at the source has been tried under the Companies Act; the sys-

tem of collecting from the individual is to be found in our own Act, and there is hardly any State in which one or other of the methods referred to by the honorable member for Flinders (Mr. Bruce) has not been tried. I candidly confess, therefore, that I am not looking forward with very much hope to the result of the labours of this Commission, because the ground they will cover has already been covered in one State or another. However, there are some matters which this Parliament ought to face immediately. There are some features of our income tax which are manifestly unfair, and should not be allowed to continue a day longer. The honorable member for Grampians (Mr. Jowett) has given notice of his intention to test the feeling of the House in regard to one of them.

Sir JOSEPH COOK.—I hope that he will not try to test it on this Bill. It would be unusual to do so. This is not an Assessment Bill.

Mr. McWILLIAMS.—This Bill incorporates the Income Tax Assessment Act, and it is proposed to ask for a ruling from the Chair as to whether the matter cannot be tested upon it. I venture to express the opinion that it may be. As to the fairness of the honorable member's proposal there can be no question. During the last two years many primary producers throughout Australia who have been absolutely ruined by the drought, have yet been called upon to pay income tax on stock which has died in several States. There are two features of the Income Tax Act which, so far as the landowner is concerned, are so pronouncedly unjust that I hope we shall be able to deal with them, if not in connexion with this Bill, at least during the present session. We ought to provide that primary producers shall be assessed in respect of their average income over a period of years, and we should eliminate entirely the provision which calls upon pastoralists to pay income tax upon the value of the natural increases in their stock. These natural increases do not represent income until they have been realized. When they have been sold and the owner has received payment for them, then that payment represents income on which he should be taxed. Under the law as it stands, stock-owners are compelled to include in their return and pay income upon the value of the

natural increase in their stock. Very often, as a result of drought, the whole of that increase is swept away. Tasmania has just passed through the worst year in its experience, and I am sure that the Treasurer is aware that a very considerable part of New South Wales has also suffered for two years from a most disastrous drought. The same remark will apply to portions of Queensland. When a man is compelled to pay income tax on the value of the natural increase in his stock, and the whole of that increase is swept away as the result of drought, he is doubly injured. He not only loses the value of that increase, but has to pay income tax upon something on which he has never realized.

Sir JOSEPH COOK.—After all, there are men who do not lose the natural increase in their stock by reason of drought.

Mr. McWILLIAMS.—In that case, what happens? In the case of sheep the owner shears them, and pays income tax on the returns from his wool. If they are cattle he has to sell them, and pays income tax upon the returns so secured.

Sir JOSEPH COOK.—He need not necessarily sell them. He may keep them to build up his herds.

Mr. McWILLIAMS.—Does the Treasurer think that a man keeps cattle on his run for fun?

Sir JOSEPH COOK.—No.

Mr. McWILLIAMS.—Does the Treasurer think that a man keeps stock on his run until they die? As a rule, he sells his stock from time to time, and the moment that he does so he obtains a return on which he may fairly be called upon to pay income tax.

I hope the House will recognise the justice of my contention—that honorable members will insist upon the adoption of the average basis in respect of the income of primary producers, and that stock-owners, like every other man in the community, shall be required to pay income tax only when they realize on their stock. A warehouseman is not called upon to pay income tax in respect of goods that he passes through the Customs House, and puts into his warehouse. It is not until he sells those goods that he pays income tax upon the income so derived. I hope that the Treasurer will agree to deal with

stock on the hoof exactly as he deals with stock in a warehouse, so far as income tax is concerned.

Sir JOSEPH COOK.—There is no similarity between them.

Mr. McWILLIAMS.—The only difference between them of which I can conceive is that when a man gets his stock into a warehouse he is sure of realizing upon it and obtaining a profit, whereas a primary producer never knows when he will be able to realize upon his stock. The whole of it may be swept away by a drought. Why should we compel the farmer and grazier to pay income tax on something which he may never realize upon?

Mr. CORSER.—The honorable member will admit that on account of a drought a merchant may have bad debts, and very large ones.

Mr. McWILLIAMS.—But he does not pay income tax upon them.

Sir JOSEPH COOK.—He pays income tax on his undistributed profits.

Mr. McWILLIAMS.—The Treasurer does not appear to realize that the average trader is careful to protect himself from bad debts. He will agree with me that such a man's bad debts are fairly well distributed amongst his good debts.

Sir JOSEPH COOK.—I merely desired to suggest that a grazier's natural increase in stock, if he realizes it and turns it into capital, is much the same as the undistributed profits of a warehouseman.

Mr. McWILLIAMS.—The pastoralist who sells his natural increase in stock should pay income tax upon income so derived, but it is unjust to compel him to pay income tax on something which is not income and may never reach the income-producing stage.

Mr. GREENE.—I am not quite sure that the honorable member's remedy would not be worse than the disease.

Mr. McWILLIAMS.—We are ready to take the risk.

Sir JOSEPH COOK.—We must try to save you from yourselves.

Mr. McWILLIAMS.—I know that the Treasurer treats this matter as a joke.

Sir JOSEPH COOK.—I do not; but I think the honorable member is overstating his case. That is all.

Mr. McWILLIAMS.—I invite the Treasurer to consult the representative of any pastoral district in Australia as to whether or not I am overstating my case. That is a fair proposition. We know that stock-owners are compelled to return as income the natural increases in their flocks. On that they pay income tax, although those increases may be swept away by drought, and not a shilling may be realized in respect of them. That is not fair.

Sir JOSEPH COOK.—Is that the end of it?

Mr. McWILLIAMS.—It is, so far as the stock-owner is concerned.

Sir JOSEPH COOK.—It is not. He can and does get relief.

Mr. FENTON.—On what valuation does the Department work, so far as natural increases in stock are concerned?

Mr. McWILLIAMS.—In the case of sheep the valuation is £1 per head in the State, and 10s. in the Federal, returns. If they were sold for more he would have to pay income tax on the difference. My point is that under the present system stock-owners are called upon to pay the tax in respect of stock which they may never sell.

Sir JOSEPH COOK.—And because of that the honorable member would not compel a man who is able to dispose of the natural increase in his flocks to pay income tax upon the money so obtained.

Mr. McWILLIAMS.—He has to do so at the present time. The Treasurer does not understand the position.

Sir JOSEPH COOK.—Perhaps not. I bow to the honorable member's superior intelligence.

Mr. McWILLIAMS.—I do not think the Treasurer has taken the trouble to ascertain the actual position. By introducing the system of averaging the income of farmers and pastoralists over a period of years, we should get rid of at least a certain percentage of the gamble that now goes on.

Mr. BELL.—Would not that also overcome the difficulty in regard to the taxation of the value of the natural increase in stock?

Mr. McWILLIAMS.—It would, to some extent. There is one other point in respect of which the farmers have a right

to claim consideration. At the present time we allow a deduction of £1 per week for the maintenance of farm hands. That deduction was reasonable seven or eight years ago—

Mr. GREENE.—A deduction of only 12s. 6d. a week per farm hand was allowed until quite recently, when the amount was increased to £1 per week.

Mr. McWILLIAMS.—It is quite impossible to keep a man on £1 a week.

Sir JOSEPH COOK.—May I ask the honorable member what is the difference between lambs, for instance, and the apples which fall off a tree?

Mr. McWILLIAMS.—The Department only taxes the fruit-grower in respect of the fruit that is sold.

Sir JOSEPH COOK.—He markets his fruit, gets his money, and pays income tax.

Mr. McWILLIAMS.—And my contention is that when the stock-owner sells the natural increase in his stock, and gets his money, he should be called upon to pay income tax upon the amount so received.

Sir JOSEPH COOK.—But when a fruit-grower loses his apples, and they go bad on him—what then?

Mr. McWILLIAMS.—He is not taxed.

Sir JOSEPH COOK.—And the position is exactly the same in the case of the stock-owner who loses his lambs.

Mr. McWILLIAMS.—Not at all. He is taxed on the natural increase, although he may never realize a penny therefrom. To return to the point I was making when the Treasurer interrupted me, I contend that it is quite impossible to maintain a farm hand on £1 a week, and that the deduction should, therefore, be increased to at least 30s. per week. I know of no part of Australia where farm hands can be kept, as they are kept to-day, and as we are glad to see them kept, for a less amount.

I have not dealt with the principles of income taxation nor with the question of the necessity for raising additional revenue; these matters can be discussed on the Budget. So far as I can see, the whole of the revenue expected from this taxation will be required, but I do ask that the manifest injustices I have pointed out shall be removed.

Mr. RILEY (South Sydney) [4.51].—I urge on the Treasurer (Sir Joseph Cook) the necessity for increasing the exemption. I do not know how this taxation affects farmers and cattle dealers, but I know how it affects the working people in receipt of small salaries. A working man, who earns £2 14s. per week, has to pay £1 in income tax each year; and I question very much whether it is worth while collecting such sums. I suppose that this man will have to pay more income tax under this Bill.

Sir JOSEPH COOK.—No.

Mr. RILEY.—I am sure that the community generally do not wish this Parliament to tax people who cannot afford the money; and I suggest £250 as a fair exemption. When the exemption was fixed at £156 wages were only about half what they are now, and the cost of living has been nearly doubled. There ought to be a re-adjustment in justice to the poorer classes of the community.

Sir JOSEPH COOK (Treasurer) [4.53].—I would first like to say a word on the suggestion for the increase of the exemption. The whole incidence of taxation is to be inquired into by a Royal Commission, which has been appointed after careful selection; indeed, I never gave more time and effort to selecting the right man for a Commission than I have on this occasion. Honorable members opposite are now very keen about having proper representation, but when they had an opportunity to secure it they turned the suggestion down, and would have nothing to do with it. Then, apparently, the question of the exemption had no interest for them; at any rate, no interest was shown in it by the Trades Hall. Even now, my honorable friends opposite ought to make an effort to place a representative taxpayer on this Commission. If they will give me the name of a man to represent them, I shall put him on the Commission to-morrow. It is a calamity that there is not such representation. If there is any class in the community which should be represented on a Commission of this sort—a Commission to inquire into the whole incidence of taxation, as it affects their homes, their work and life, surely it is that class with the minimum income.

Mr. FENTON.—Would you give them two representatives?

Sir JOSEPH COOK.—I remind the honorable member that on the Royal Commission already there are one or two men who will look after the interests of the wage-earners very well; but I would like, in addition, a direct representative of the working classes. It is not the fault of the Government that there is not such a representative now, and it is not too late. I appeal to the Leader of the Opposition (Mr. Tudor) to see if he cannot pick out a man whose *bona fides* cannot be cavilled at, and who, when appointed, would be accepted as a representative of the working people of the community.

Mr. RILEY.—Cannot the exemption be increased by this Bill?

Sir JOSEPH COOK.—No. This is only a rates Bill, and not a Bill proposing general or fundamental alterations in the law. The only alteration is in the rate of the tax.

Mr. FENTON.—Can the Treasurer give us any idea of what the proposed 5 per cent. will mean to a man who pays £100 in income tax?

Sir JOSEPH COOK.—I have some figures here that will supply the information to the honorable member. A man with £100 of taxable income now pays £2 5s. 8d., and, under the Bill, will pay £2 7s. 11d.; £200 of taxable income now pays £5 1s. 7d., and will pay £5 6s. 8d.; £300, or an income of £450 a year, now pays £8 7s. 7d., and will pay £8 16s.; £400 of taxable income, meaning a total income of £550, now pays £12 3s. 9d., and will pay £12 15s. 11d.; and a taxable income of £1,000, or a total income of £1,150, now pays £45 4s. 1d., and will pay £47 9s. 2d., or a little over £2 extra. Such increases will not hurt anybody. Roughly, the present tax gives £12,000,000, and I propose to obtain £600,000 more. As some honorable members have said, this is merely a tentative proposal. If I remain where I am, I am going to have the whole question of taxation revised as far as possible, and placed on a sound footing. I know that taxation is a very difficult problem—the problem of the ages—and it is always complicated, I am afraid, by the temperament, psychology, and differences in the positions generally of the taxpayers.

We always think a system is wrong if it happens to hurt us. We have to keep those facts in mind when discussing taxation.

I do not propose to deal at any length with the points raised during the debate. I should, however, like to refer to the question of averaging this tax. May I suggest to my corner friends that, although they have made up their minds definitely, they have entered on a path which is thorny and full of trouble; the question is not half so simple as they appear to imagine. If they go on, they will plunge themselves into a sea of difficulties, from which people everywhere else are seeking to escape.

Mr. JOWETT.—No, no!

Mr. STEWART.—If we reach that stage, we shall not blame the Treasurer.

Sir JOSEPH COOK.—I have already told the honorable member that I must try to save him from himself. The honorable member for Grampians (Mr. Jowett) calls out "No, no"; but I point out to him that the inquiry in the Old Country was a very complete one. I see that the honorable member has a copy of the Royal Commission's report, and I invite him to read paragraph 479, as follows:—

It is clear to us that public opinion has moved since that report was written, and possibly in consequence of that report. There has been a surprising weight of evidence in favour of the profits of the preceding year (i.e., either the year to the 5th April immediately preceding the year of assessment, or the last business year completed prior to that date) being taken as the basis for Schedule D assessment. Hardly any one has had a good word for the average.

Mr. GIBSON.—That refers to ordinary businesses; there are no Australian droughts there.

Sir JOSEPH COOK.—Even a drought is a relative thing. I remember, when we were leaving England for Australia at the beginning of July, all the London newspapers were full of black head-lines: "Drought Continues. No Rain During the Whole of June."

Mr. JOWETT.—If there had been a drought there for years, the report might have been different.

Sir JOSEPH COOK.—I venture to say that if there had been drought in

England for five or ten years, the report would not have been very different. So far as I can see, there is a better and fairer method for the man on the land than that of averaging. The honorable member for Grampians appears to have made up his mind on the point.

Mr. JOWETT.—The farmers of Australia have.

Sir JOSEPH COOK.—I suggest that that does not quite settle the matter. Men sometimes make up their minds in the wrong direction; it may well be that the people who helped to shape the farmer's mind on the question have shaped it on a course which I suggest is not the best. Let there be no mistake as to my position—I agree with my friends in the corner in the objects which they seek. I agree that the present system is unfair, and that some amelioration must be found; it is only a question of which is the better method—whether the averaging system proposed by the honorable member for Grampians—

Mr. McWILLIAMS.—The honorable member has given a lot of consideration to it.

Sir JOSEPH COOK.—I know; but still there is room for difference of opinion. We all desire to reach the same goal, and by the fairest method we can contrive. In Great Britain, after an experience of averaging, they turned down the idea because it had not worked well. The report goes on—

The chief benefits we see in taking the preceding years' profits as the basis of liability under Schedule D are—

- (a) That it will make the amount of profits assessed correspond much more closely in point of time with the amount of profits actually being made;

Mr. JOWETT.—That is great satisfaction to the man who has been ruined by drought.

Sir JOSEPH COOK.—I do not see that that interjection is relevant—

- (b) That it will be a very important step in the direction of uniformity and simplicity; and
- (c) That it seems to be almost universally desired.

We have, therefore, no hesitation in recommending that the change be made.

That is, the change from the averaging system to the method suggested.

Mr. TUDOR.—Has the averaging system operated in Great Britain?

Sir JOSEPH COOK.—Yes.

Mr. TUDOR.—Has it been abandoned?

Sir JOSEPH COOK.—The Commission recommended that the averaging system should be abandoned. There are several variations of the system in Great Britain. I think manorial incomes are averaged over a period of six years, incomes from coal mines over five years, and incomes from farming over three years. The very people who are living under the averaging system say that it is unfair.

Mr. JOWETT.—They do not say that it is unfair.

Sir JOSEPH COOK.—They do. The Commission reported that hardly any one had a good word to say for it.

Mr. JOWETT.—Nobody said that it was unfair.

Mr. ANSTEY.—Nobody had a good word to say for it because it was fair.

Sir JOSEPH COOK.—I suggest that the honorable member for Grampians is a little too cute over this matter.

Mr. ANSTEY.—Because this is the recommendation of an English Commission, there is no argument in it.

Mr. JOWETT.—The honorable member will admit that farming conditions in Great Britain are totally different from those in Australia.

Sir JOSEPH COOK.—The honorable member has suggested that the average should be taken forward. That will mean that we shall require to take the averages each year, and keep turning back over former years to correct them.

Mr. JOWETT.—Only for the first year.

Sir JOSEPH COOK.—That will continue in perpetuity, and will increase the clerical work in the Department 400 or 500 per cent.

Mr. JOWETT.—Oh, no!

Sir JOSEPH COOK.—That is what my officers tell me, and that is one objection they have to the system. They suggest that the same goal may be reached by a simpler method.

Mr. JOWETT.—We know their suggestions.

Mr. FLEMING.—The present system is too complicated for any grazier to follow.

Sir JOSEPH COOK.—That is admitted, and if honorable members know of a simpler method I wish they would bring it forward.

Mr. FLEMING.—I have suggested a simpler method two or three times.

Sir JOSEPH COOK.—The honorable member's method is very simple; it would enable the farmer to escape most of the taxation. So would the proposal put forward by the Leader of the Country party (Mr. McWilliams). It is a method of escaping the great bulk of taxation. I would like honorable members to realize that if taxation is lifted from the farmer in the way they suggest, the Department must get it back in some other way. We must have the money.

Mr. McWILLIAMS.—I do not think we have been very unreasonable.

Mr. STEWART.—The primary producers are quite willing to bear their fair share of taxation.

Sir JOSEPH COOK.—I believe that; in any case, they will have to do it, whether they are willing or not. It is my unfortunate task to gather in these taxes, and I desire only to do what is fair. I suggest a course which will achieve the object which honorable members desire in shorter time than any other procedure. They have asked for the averaging system to be applied to the current financial year.

Mr. JOWETT.—We desire that last year shall be the first in the averaging period.

Sir JOSEPH COOK.—The Royal Commission on Taxation is commencing its investigations. I have talked this matter over with the Chairman, and I have suggested that the Commission should make the averaging proposal the first subject of inquiry, and supply me with an interim report at the earliest possible moment. The making of such a report cannot take very long, and the moment it reaches me I shall consult the House regarding it.

Mr. McWILLIAMS.—It will be two years before we get any alteration of the law by that method.

Sir JOSEPH COOK.—The honorable member is making another of his exaggerated statements. He will not accept my word.

Mr. JOWETT.—If the report of the Commission is in favour of adopting the average system—

Sir JOSEPH COOK.—I shall proceed to take steps to give effect to it at once.

Mr. STEWART.—That is another definite statement.

Sir JOSEPH COOK.—If the Commission recommends the adoption of the averaging system I will take steps at once to give effect to that recommendation. The Commission comprises a body of experts, and the farming interests have an excellent representative, who is *au fait* with this question. The course that I am suggesting will give relief quicker than will any other method.

Mr. JOWETT.—Provided that we can get an amendment of the law passed this year.

Sir JOSEPH COOK.—The moment the report comes in I shall take steps to give effect to it. I cannot say more than that.

Mr. MCWILLIAMS.—It will take two years to do anything.

Sir JOSEPH COOK.—The Leader of the Country party may carry his proposal and alter the Bill to-night, but he cannot do anything quicker than the course I am suggesting.

Mr. MCWILLIAMS.—I shall take the chance.

Sir JOSEPH COOK.—The honorable member may take his chance. I believe he would take any chance. He is becoming the most unreasonable man of any I know. Nothing one can do will satisfy him.

Mr. BAMFORD.—Will the Treasurer hold back the Bill until the Royal Commission reports on this question?

Sir JOSEPH COOK.—I will not. I require the money that will be raised under this Bill. In regard to the hard cases that have been mentioned, I remind honorable members that relief is already possible. Section 64 of the Act provides—

In any case—

whether it be in respect of land, apples, wheat, or anything else—

where it is shown to the satisfaction of a Board consisting of the Commissioner, the secretary to the Treasury, and the Comptroller-General of Customs—

(a) that a taxpayer liable to pay income tax has become bankrupt or insolvent; or

(b) that a taxpayer has suffered such a loss, or is in such circumstances, or, owing to the death of a person who, if he had lived, would have paid tax, the dependants of that person are in such circumstances that the exaction of the full amount of tax will entail serious hardship,

the Board may release the taxpayer or the executor or administrator of the deceased person (as the case may be) wholly or in part from his liability, and the Commissioner may make such entries and alterations in the assessment as are necessary for that purpose.

I admit that that affords only partial relief.

Mr. MCWILLIAMS.—If all the men who suffered very heavy losses during the last two years submitted claims, five years would elapse before they would all be considered.

Sir JOSEPH COOK.—I admit that that is so under the existing machinery. The trouble is not in the law, but in the administration. These Tribunals have never been set up in various parts of Australia, and if the law is to remain as it is I shall establish a number of them, costly though they may be. We must take justice around a continent like Australia and bring it as closely as possible to the people, as we do in connexion with the High Court.

Reverting to the question of averaging, I shall do what I have promised in the interest of the Department. I hope honorable members will understand that I am not asking the Commission to report whether or not the averaging system is the best; the Commission may do that on its own account. But I have explained to the chairman the position in this House, which has already approved of the averaging principle, and I have asked that the Commission shall report upon this matter at once. When the report is received I shall take action accordingly.

Mr. TUDOR.—If the Commission recommends an increase of the general exemption, will the Treasurer follow the same procedure?

Sir JOSEPH COOK.—Yes. I see no reason why action should be delayed.

Mr. ANSTEY.—Will the averaging principle apply to everybody?

Mr. JOWETT.—Our desire is that it shall.

Sir JOSEPH COOK.—Another matter to which reference has been made is the

taxation of incomes at the source. That system has been advocated on all sides of the House, and I believe it would be simpler than the present method.

Mr. RICHARD FOSTER.—Most countries operate it.

Sir JOSEPH COOK.—And I am in favour of it, for one reason, namely, that all the reports I have received suggest that the Treasury will derive a lot more revenue by that means. The Imperial authorities fear to abolish the system of taxing at the source and substitute a method of secondary taxation, because it would mean a tremendous loss of revenue. They say—

We are convinced that to abandon taxation at the source would involve an enormous loss of revenue.

Therefore, for us to adopt the method of taxation at its source would provide an enormous accretion of revenue.

Mr. STEWART.—The Treasurer should be a most ardent advocate of the system.

Sir JOSEPH COOK.—I am; and I am glad to find the Country party standing up to its taxation obligations, and suggesting to me that, by this method of taxing directly at the source, I would get some revenue out of them as well as other people. I suggest, however, that all these matters are irrelevant; I do not mean in regard to a debate of this character, but that this is not a measure in which to make large and fundamental alterations of our taxation laws. After all, this proposal is only tentative. I hope the Commission will quickly get on with its work, and inquire into the whole incidence of taxation.

Mr. BLAKELEY.—Has the Commission got going yet?

Sir JOSEPH COOK.—Yes; there has been some little difficulty in the matter of finding officers and offices, but those troubles have now been overcome, and the Commission is ready to begin work. I impress on honorable members opposite that their party should nominate a gentleman who would represent the working men of the country, so that he might take his place on the Commission. We want to make that body as fully representative as possible. It is a competent Commission in every way, and commands the confidence of the country. That, at

any rate, has been my great object, and I believe I have secured the type of men who will prove worthy of confidence. I have done my best, and can do no more. The sooner the Commission furnishes its report the better for all concerned, and the better in order to allow us to shape our course to the re-adjustment of our post-war difficulties. I ask honorable members, therefore, not to press their proposed amendments.

Mr. BAMFORD.—Will the Treasurer remit to the Commission the question of securing revenue by taxing Tattersall's tickets?

Sir JOSEPH COOK.—The Commission is to inquire into the whole incidence of taxation, which includes everything.

Question resolved in the affirmative.

Bill read a second time.

In Committee:

Clause 1 agreed to.

Clause 2 (Incorporation).

Mr. JOWETT (Grampians) [5.25].—Seeing that this clause states—

The Income Tax Assessment Act 1915-1918 shall be incorporated and read as one with this Act—

and seeing that the principal Act deals with the methods of calculating income, I move—

That the following words be added:—

“Commencing with income earned during the twelve months ended on the 30th June, 1920, tax shall be levied for each year as follows:—

- (a) In respect of the income earned during the year ended 30th June, 1920, on the taxable income of that year subject to the following provisions of this clause.
- (b) In each succeeding year the income of that year is to be taken as the average of that and the previous year or years until the income of five successive years has been so averaged, and thereafter each year's assessment shall be based on the average arrived at by taking the income of that year and the four previous years into consideration. For the purpose of this clause losses shall be taken into consideration in arriving at the average income.

Where the effect of averaging incomes within such period of five years is to reduce the income of any year, the tax payable for that year shall be adjusted accordingly, and a

rebate made or credit allowed to the taxpayer, and *vice versa*.

- (c) Where a trade, profession, business or occupation is discontinued, the taxpayer shall be entitled to be assessed on the actual income arising from such trade, &c., during the year, and if the total amount of tax paid for the five previous years exceeds the total amount which he would have paid if he had been assessed for each year on the actual amount of income arising in that year, he shall be entitled to a repayment of the excess.
- (d) Where during any period of five years a taxpayer's income diminishes, no such taxpayer shall pay any more income tax than he would have paid if his tax had been assessed upon each year's income separately."

Sir JOSEPH COOK.—You have got a whole new Bill there, and you have not had the courtesy to furnish me with a copy.

Mr. JOWETT.—Here is one, sir.

Sir JOSEPH COOK.—I will not look at it now.

The CHAIRMAN (Hon. J. M. Chanter).—The honorable member for Grampians (Mr. Jowett) presumes that the Bill now before the Committee is one with the principal Act, which can be amended. That is not so. It is true that the clause under discussion states that this measure shall be incorporated with the principal Act. Notwithstanding that, however, this Bill must be kept entirely separate from the principal Act, according to the terms of the Constitution. The honorable member's amendment, therefore, is not in order.

Mr. CHARLTON (Hunter) [5.30].—I merely desire to intimate that the honorable member for Hume (Mr. Parker Moloney) has just been called away on business, and that he asked me to move an amendment in terms similar to that which has just been moved. The honorable member for Hume, however, had intended to propose its insertion in clause 4. Seeing that the amendment of the honorable member for Grampians (Mr. Jowett) has been ruled out of order, I take it for granted that the same decision will apply to that which I was about to move. I make this explanation in justice to the honorable member for Hume.

Clause agreed to.

Clause 3 (Imposition of income tax).

Mr. TUDOR (Yarra) [5.31].—I do not know how far the Chairman's ruling will go, or whether it will be possible to move amendments of any kind whatever.

Mr. McWILLIAMS.—If the Bill cannot be amended it is a farce to proceed with this discussion in Committee. The clauses may as well be agreed to *in toto*.

Mr. TUDOR.—Several honorable members have intimated their desire to move amendments. The raising of the exemption has been advocated on all sides. I take it that there can be no objection to the insertion of a provision to the effect that the exemption shall be raised. Figures supplied by the Treasurer, in the course of his Budget speech, showed that the amount collected from people with small incomes is comparatively small. The honorable member for Balaclava (Mr. Watt) remarked, some months ago, that a tremendous amount of money was spent by the public in the preparation of returns. It is not long since the Deputy Federal Commissioner of Taxation in this State resigned in order to open an office in this city as an expert taxation adviser. He obviously considered it would pay him better to launch out in private practice rather than remain in the Department to draw the comparatively high salary of Deputy Commissioner. In the Budget papers presented by the Treasurer, it was pointed out that of the sum of £10,800,000 collected last year about £9,000,000 was received from persons in possession of incomes of more than £1,000 per annum. It was shown that 44 per cent. of the grand total was paid by people having incomes ranging from £1,000 to £10,000 per annum; 34.4 per cent. was received from those whose incomes ranged between £10,000 and £100,000; and 4.3 per cent. was received from persons or companies having incomes of more than £100,000 per annum. From these people and companies the Treasurer could secure his requirements by increasing the rate of taxation; and he could, at the same time, raise the exemption. In a pamphlet recently distributed by the Minister for Trade and Customs (Mr. Greene), containing the annual report of the Director of the Bureau of Commerce and Industry, there is an interesting statement having to do with companies. The following return shows the total

issues authorized by the Commonwealth Treasurer in respect of new and existing companies, from the 26th January, 1916,

to the 31st December, 1919, and the purposes for which the issues were authorized:—

		No. of Applications.	Total Issue.	How Subscribed.		
				In Cash.	By transfer to Capital of Reserves and Undivided Profits.	By transfer of Assets other than Cash.
			£	£	£	£
Manufacture and Production	New Companies ..	1,596	30,894,654	11,992,131	£	18,902,523
	Existing Companies	1,382	20,653,253	14,677,424	..	544,869
	Total ..	2,978	51,547,907	26,669,555	5,430,960	19,447,392
Trade and Finance	New Companies ..	840	12,948,763	3,999,976	£	8,948,787
	Existing Companies	754	17,108,185	11,460,117	..	238,065
	Total ..	1,594	30,056,948	15,460,093	5,410,003	9,186,852
Mining	New Companies ..	543	8,378,963	4,176,276	£	4,202,687
	Existing Companies	428	4,482,327	3,664,521	285,000	532,806
	Total ..	971	12,861,290	7,840,797	285,000	4,735,493
Public Utilities	New Companies ..	24	262,556	175,300	£	87,256
	Existing Companies	112	6,402,704	6,294,724	107,980	..
	Total ..	136	6,665,260	6,470,024	107,980	87,256
Other Purposes	New Companies ..	425	6,908,034	4,498,308	£	2,409,726
	Existing Companies	287	3,677,039	1,986,007	1,237,563	351,469
	Total ..	712	10,585,073	6,486,315	1,337,563	2,761,195
Grand Total	New Companies ..	3,428	59,392,970	24,841,991	£	34,550,979
	Existing Companies	2,963	52,323,508	38,084,793	12,571,506	1,667,209
	Total ..	6,391	111,716,478	62,926,784	12,571,506	36,218,188

The shareholders in these companies, which have in this period transferred to capital £12,571,506 of reserves and undivided profits, and £36,218,188 by transfer of assets other than cash—this all represents watered stock—are the people who should be taxed at the highest rate. It is interesting to note that, during war time, the Government authorized a total issue of £111,716,478, when, at the same time, they were appealing to the Australian public to subscribe over £150,000,000 to war loans. The Treasurer says that honorable members of the Opposition are always anxious to make the big man pay. I admit it. It is because I am so anxious to relieve the worker from taxation. An income of £250 to-day will not purchase what £156 would have purchased in 1915, when the Commonwealth Income Tax

Mr. Tudor.

Assessment Bill was first introduced, and in which the exemption was fixed at £156. A few days ago I suggested that, at the taking of the next census, another wealth census should also be taken to enable a comparison to be made with the figures furnished some years ago. According to Mr. Knibbs, 2,191,945 persons filled in and returned wealth census cards, and, out of this number, the returns show that 1,285,190 persons, about 60 per cent. of those who filled in the cards, had practically no assets, while the other 40 per cent. owned £1,188,137,013 out of £1,216,231,662, which was estimated to be the total wealth of Australia. That is to say, the other 40 per cent. own 97 per cent. of the total assets of Australia. The population of the Commonwealth is 5,247,019, therefore 906,775

persons, the difference between the 2,191,945 and the 1,285,190, or 17 per cent. of the whole of the population, held 98 per cent. of the assets of Australia, and 83 per cent. not more than 2 per cent. The figures applying to assets apply equally to incomes. Out of 1,380,208 males in the Commonwealth 345,575, about 25 per cent., received £156 per annum and upwards, and out of 811,737 females only 35,983, about 5 per cent., received £156 per annum and upwards. More than 50 per cent. of the income of Australia was being paid to 18 per cent. of the population. These are the persons who should be hit the hardest by taxation. How can any man keep a wife and bring up a family on £3 per week? Can any honorable member contend that 10s. a week, representing the deduction of £26 per annum for each child, is sufficient to maintain a child at the present time? The honorable member for Dampier (Mr. Gregory) has told me that he is in favour of increasing the deduction for each child wholly dependent on the taxpayer.

Mr. GREGORY.—The trouble is that there is no opportunity of doing it on this Bill, but the Treasurer has promised, if possible, to bring down an Income Tax Assessment Bill in which the amendment can be made.

Mr. TUDOR.—It may be out of order to attempt to amend this Bill for that purpose, but an effort will certainly be made to do so. We ought also to take into consideration the case of widowers, whose exemption is only £100. Many widowers have been penalized for not having furnished returns for several years past. Unfortunately, they have not noticed the fact that in their case the exemption is so limited. However, when we find from the figures furnished by the wealth census card that 18 per cent. of the people who filled in returns enjoy more than half the income of Australia, that 82 per cent. get less than 50 per cent. of the income of Australia, that only 13½ per cent. of the population own freehold estates, that 8 per cent. own 7 per cent. of the value of the land of the Commonwealth, and that 2 per cent. own 75 per cent. of it, we cannot remain silent simply because this Bill may not present the

opportunity for us to move an amendment to increase the exemption. The Treasurer says that he has invited representatives of the workers to take part in the Taxation Commission. I advise the workers to be represented on that Commission by one or more persons, who may be able to put forward their views as to the amount of the exemption and as to the unequal distribution of wealth which justifies the demand that the persons with large incomes should be hit harder. I do not agree with the principle that income should be taxed at its source. I do not know any of the shareholders of the Metropolitan Gas Company of Melbourne, and I merely cite the case of this company because I know that it is a big concern, which, presumably, has among its shareholders men who are at present paying income tax at the rate of 8s. 1½d. in the £1.

Sir JOSEPH COOK.—Under this Bill, they will be paying 8s. 6d. in the £1.

Mr. TUDOR.—If the dividends of the Metropolitan Gas Company are taxed at the source, the tax will be spread equally over the large body of the shareholders of the company, the deduction from the dividend of the wealthy shareholder being the same as that deducted from the dividend of the shareholder who may not have sufficient income to justify the payment of any income tax. I contend that each taxpayer should pay income tax according to his own personal schedule. The honorable member for Hunter (Mr. Charlton) has intimated that he intends to move an amendment to increase the exemption, and I shall vote for it, because I believe that we can attach to this Bill a proviso that the exemption shall not be less than any amount which the Committee decides upon. Under the graded scale of the tax, it is not likely that honorable members' salaries will be affected. We are all anxious to afford relief to a large body of the community, not only from the payment of the tax, but also from the necessity to furnish returns, when they are earning under, say, £250 a year. Even with such an exemption, the position of these people would not be as good as it was in 1915, when we decided that an exemption of £156 should be allowed.

Clause agreed to.

Clause 4—

(1) The rate of the income tax in respect of income from personal exertion shall be as set out in the First Schedule to this Act. . . .

(4) Notwithstanding anything contained in the last three sub-sections, the tax payable by any person who—

(a) is not married, has no dependants, and is not an absentee; and

(b) has a gross income of not less than One hundred pounds, or, in the case of a person carrying on business in Australia, has an income from the business which . . . amounts together with his income from all other sources in Australia to not less than One hundred pounds; and

(c) would, apart from this sub-section, not be liable to pay an income tax of One pound or upwards,

shall be One pound.

Mr. CHARLTON (Hunter) [5.51].—I move—

That after the word "Act," sub-clause (1), the following words be inserted:—"provided that the exemption shall be not less than £250."

I submit this amendment believing that it must be apparent to every honorable member that the time has arrived when the exemption should be raised. The present exemptions of £156 in the case of married men and of £100 in the case of single men are altogether too small, having regard to the fact that since 1914, when they were determined upon by the Parliament, the cost of living has practically doubled. We fixed these exemptions in 1914, believing that they would afford a fair living margin, and since the cost of living is double what it was at that time, we ought really to double the exemption. This matter has been dealt with in Great Britain, where Commissioners have reported that a bachelor should be allowed an exemption of £200; a married man, without children, £250; and a man with a wife and three children, £300. If those exemptions are considered reasonable in Great Britain, should we have a lower exemption here? Apart from the finding of the British Commissioners, it must be obvious that the time has arrived when the exemptions should be raised. A single man cannot keep himself decently on £100 a year. I know young fellows who, in connexion with the railway service, have had to leave their parents' homes, and some of

whom have to pay 27s. 6d. for their board, in addition to paying for their washing. In other cases they pay 35s. per week for board alone. Then, again, a man has to pay about £11 for a tailored suit for which he paid only £5 prior to the war. Taking all these facts into consideration, it must be recognised that we shall do a serious injustice to the great working population of Australia if we do not raise the exemption. On the motion for the second reading of the Bill I gave reasons why the exemption should be increased, and I shall not delay the Committee by enlarging upon the subject. I hope the Treasurer will agree to this amendment. The Government cannot shelter themselves behind the plea that the Taxation Commission is going into the whole question, since that Commission cannot possibly report in time to enable effect to be given to its recommendations in respect of income taxation for the current financial year.

Sir JOSEPH COOK.—What is the good of having a Taxation Commission if we are to ignore it?

Mr. CHARLTON.—I do not suggest anything of the kind. The returns in respect of income from personal exertion had to be furnished at the end of July last. The departmental officers will base their assessments on those returns, and will have to observe the provisions of this measure. We cannot hope to obtain from the Commission a report in time to enable the passing of the legislative machinery necessary to give effect to its recommendations in respect of the current financial year. That being so, the Committee should amend the Bill in the direction proposed by me. I hope the Treasurer will accept my amendment.

Sir JOSEPH COOK.—Would the honorable member be prepared to allow working men here to be taxed to the extent that they are taxed in Great Britain?

Mr. CHARLTON.—Whenever an honorable member brings before the House a case possessing some merits—and this amendment has a lot of merit in it—the right honorable gentleman raises a side issue. He tries to side-track honorable members by bringing up an entirely different question.

Sir JOSEPH COOK.—Not at all. The honorable member is dealing with the

general question of capacity to pay the tax.

Mr. CHARLTON.—The indirect taxation which the people are called upon to pay will probably be higher than it is. We do not know what it may be by the end of the financial year. We certainly know that it will be increased; and surely if the cost of administering this country is less than the cost of administering the affairs of Great Britain, we should not burden our people by imposing taxation to the same extent as in the Old Country. We do not want to impose unnecessary taxation. We must deal with every question on its merits, and on its merits no one can say anything against the amendment. A single man cannot live on £100 a year, nor can a married man live on £156 a year.

Sir JOSEPH COOK.—Who says that they must live on such a wage?

Mr. CHARLTON.—They must pay their way on what they get unless they are dishonest.

Sir JOSEPH COOK.—But we are not requiring men to live on such a wage, and I hope that they are not being compelled to do so.

Mr. CHARLTON.—When the original Bill was before this Parliament, the idea was that we should fix an exemption representing a sum sufficient for the maintenance of a man and his family. That was in 1914, when it was thought that an exemption equal to £3 per week was a fair thing. Having adopted that basis, we should now increase the exemption in accordance with the increase in the cost of living.

Sir JOSEPH COOK.—If the cost of living has increased 100 per cent., and if wages have increased to the same extent since 1914, is not a man as well able to pay this tax as he was at that time?

Mr. CHARLTON.—If, owing to the increase in the cost of living, it has been necessary to increase wages to the extent of 100 per cent., and those wages are still only sufficient to enable a man to support his wife and family, then the exemption of £156 which was fixed in 1914 should also be increased by 100 per cent. On the right honorable gentleman's own showing, therefore, the exemption should be raised to £312. There is no escape from that point, and I hope that the Treasurer will accept my amendment.

Sir JOSEPH COOK.—I do not think that the amendment is in order.

The CHAIRMAN (Hon. J. M. Chanter).—During the course of the honorable member's speech, I was able to give this question some consideration. I have to refer honorable members to the ruling which I gave a little earlier in the proceedings. The honorable member proposes to insert in the clause words providing that the exemption shall be not less than £250. He seeks, in effect, not to amend the Bill before the Committee, but to amend the Income Tax Assessment Act, in which the exemption is fixed. It would not be in order to insert such an amendment in this Bill since it does not contain any provision which has been before the Committee of Ways and Means in respect of the fixing of an exemption. Sections 18 and 19 of the Income Tax Assessment Act deal with the question of exemptions, and the proper course for the honorable member to pursue would be to endeavour to secure such an amendment in a Bill to amend the Income Tax Assessment Act. I have to rule the amendment out of order.

Sir JOSEPH COOK (Parramatta—Treasurer) [6.0].—I hope that the honorable member for Hunter (Mr. Charlton) will not press this matter further.

Mr. CHARLTON.—According to the Chairman's ruling, we can do nothing. This Parliament is helpless.

Sir JOSEPH COOK.—The Parliament is not helpless, but this is not the time to take the action contemplated by the honorable member. In accordance with well-known rules of parliamentary procedure, the amendment which he desires to make must be secured in some other way.

Mr. CHARLTON.—I shall take another course in connexion with this Bill. I am not going to be defeated in this way.

Sir JOSEPH COOK.—If the honorable member is determined to follow his own course, it is useless for me to make a suggestion. I was going to point out that, in my opinion, if the honorable member would allow this matter to remain in abeyance, and let the Taxation Commission get to work, relief would be secured in a much better way than is possible by these blundering methods.

Mr. CHARLTON.—The right honorable gentleman thinks it would be a blunder to raise the exemption by even £1.

Sir JOSEPH COOK.—No. I am in sympathy with the proposal to lift the exemption, but I prefer to await the report of the Commission. As a result of the Commission's inquiries and recommendations, we are likely to get a better scheme of taxation than is possible by taking action in this piece-meal fashion.

Mr. CHARLTON (Hunter) [6.3].—This Bill determines what shall be the rate of income tax payable. Clause 4 sets out that—

The rate of the income tax in respect of income from personal exertion shall be as set out in the first schedule to this Act.

In the schedule to this Bill the formulae for determining the rates of tax upon incomes derived from personal exertion and property are set out. I desire to embody in the Bill itself a provision that in determining the income tax payable under the schedule, an exemption of not less than £250 shall be allowed. It seems to me that such an amendment would come within the scope of this measure. It does not deal with anything properly relating to the Income Tax Assessment Act.

Mr. GREENE.—It does. The Constitution definitely lays it down that laws imposing taxation shall deal only with taxation, and that the machinery relating to taxation must be provided for in a separate measure. The honorable member will find that section 19 of the Income Tax Assessment Act deals with exemptions.

Mr. CHARLTON.—Then what is the use of our wasting time in considering a measure of this kind?

Sir JOSEPH COOK.—It is of no use since this Bill relates only to the rates of tax.

Mr. CHARLTON.—I am not going to challenge your ruling, Mr. Chairman, but I shall adopt another method of achieving the object I have in view. I move—

That the words "One hundred pounds" in paragraph b, sub-clause 4, of clause 4, be left out, with a view to insert in lieu thereof the words "Two hundred pounds."

Mr. MAXWELL (Fawkner) [6.5].—Do I understand, Mr. Chanter, that the amendment proposed by the honorable member for Hunter (Mr. Charlton) is in order?

The CHAIRMAN.—I have not given any ruling otherwise.

Mr. MAXWELL.—I assume, then, that the amendment is in order, and I suggest that instead of the exemption being fixed at £200, it should be fixed at £150.

Mr. CHARLTON.—If the honorable member moves to that effect I shall withdraw my amendment.

Mr. MAXWELL.—Honorable members will agree that, even when a man has no dependants, but simply himself to keep, he is "hard put to it," in view of the present purchasing power of money. Many years ago I had the experience of living in Melbourne on £100 a year, and my recollection of the shifts I had to make ends meet arouses my sympathy for men who have to live on such an income. A man ought to be able to support himself before he is called upon to contribute to the support of other people; and an income of £100 a year ought to be exempt from income tax. If a man's income be £150 he ought to be able to contribute a modest £1 a year. I desire to move that the words "and fifty" be inserted after the word "hundred" in paragraph b.

Mr. CHARLTON.—I desire to withdraw my amendment.

Amendment, by leave, withdrawn.

The CHAIRMAN (Hon. J. M. Chanter).—For the information of honorable members, as well as for my own relief, I once more call attention to the fact that, when in Committee of Ways and Means, members are at liberty to alter or amend the motion, but when that motion has been passed, reported, and adopted by the House, whether in its original form or amended, it is not open to any further amendment. This clause is absolutely based, word for word, on a resolution which the House has already indorsed.

Mr. ANSTEY.—Then, what is the use of arguing about it?

The CHAIRMAN.—There is no argument about the matter at all; I am asked to give a ruling, and I am giving one. In Committee of Ways and Means, members may amend the motion in any direction they think fit, but once it has been passed, reported to the House, and adopted, it cannot, as I have already said, be further amended. I have on previous occasions given several rulings on this same point.

Mr. MAHONY.—We seem to be in a most extraordinary position. We are considering a Bill in Committee, and yet we are told that we cannot alter one word of a clause. This seems to me an absolute farce.

Mr. FLEMING.—The Chairman has given his ruling.

Mr. MAHONY.—Then, what is the use of the Chairman submitting these clauses to the Committee? Must we either reject the Bill as a whole or accept it as a whole? If honorable members have not the right to make amendments, then our proceedings are a farce and a waste of time.

Sir JOSEPH COOK.—No!

Mr. MAHONY.—The Chairman has said that we cannot alter the Bill in any way.

The CHAIRMAN.—I did not say that; I said the Committee could not alter or amend a resolution previously adopted in Committee of Ways and Means and reported to and adopted by the House.

Mr. MAHONY.—That means that we cannot alter the Bill at all.

Sir JOSEPH COOK.—At this stage.

Mr. MAHONY.—We are in Committee, and I submit that we may amend the Bill.

Sir JOSEPH COOK.—We have really been in Committee already on the Bill.

Mr. MAHONY.—Then, what are we doing now? The Government are apparently wasting time.

Sir JOSEPH COOK.—The purpose of this Committee is to take care that the principles of the Government's action in the matter as embodied in the Bill are not departed from, but become clothed in the habiliments of this new law. The real Committee stage on these matters is in Committee of Ways and Means. That is what that Committee is for—to discuss ways and means. We went into Committee of Ways and Means before the Bill was brought in, and the Bill is founded on the resolutions arrived at in that Committee. This resolution and the schedule, shaped and passed in Committee of Ways and Means, is now going through the House formally in the dress in which we clothed it; and all we can do at this stage is to see that the resolution is properly conveyed in this instrumentality.

Mr. MAHONY.—May we not alter the clothing?

Mr. GREGORY.—I do not like to dispute any decision of the Chair; but you, Mr. Chanter, have ruled in Committee of Ways and Means that an honorable member has no power to submit an amendment which would have the effect of increasing taxation. Are we now to understand that no honorable member has the power to move to reduce taxation, or to amend this Bill in any salient feature? There is an innovation in the Bill,

to be found in the last clause. In previous Bills of the kind, the Treasurer has always asked for power to impose taxation for the preceding year in which the incomes are taxable. That was so in the income tax measure of 1914-15, but the Bill before us, according to the clause, applies not only to last year's assessment, but also to next year's assessment. If we have no power to deal with a provision of that kind, our work here is thrown away. I do not think that when members realize the meaning of the clause to which I refer, they will agree to it. I always understood that at the Committee stage an honorable member had the right to move to reduce taxation, but not the right to move to increase it.

The CHAIRMAN.—That question has not yet arisen.

Mr. GREGORY.—But the amendment moved by the honorable member for Fawcaker (Mr. Maxwell) would have the effect of reducing taxation, and yet you have ruled that it is not in order.

The CHAIRMAN.—The honorable member for Dampier (Mr. Gregory) is quite correct in some of his statements regarding my previous rulings. But I have again to point out the difference between the Committee of Ways and Means and the Committee on the Bill. I have several times informed honorable members that they may shape a resolution in Committee of Ways and Means, but once that resolution has been reported and adopted by the House, it cannot be altered—the Bill founded on the resolution cannot be altered. The honorable member for Fawcaker proposes to insert some words which were not agreed to in Committee of Ways and Means, and his amendment is, therefore, not in order. But verbiage of the Bill, which is not the verbiage of the resolution reported to the House, is certainly open to amendment, if the amendment be otherwise in conformity with the Bill.

Mr. ATKINSON.—Can no amendment at all be made?

The CHAIRMAN.—I did not say that.

Mr. ANSTEY (Bourke) [6.20].—I do not rise to question your decision, Mr. Chairman. I did not understand it, but I think it is correct. If I did understand it, but did not agree with you, I

still should not dispute your ruling. I rise merely to point out the position in which the Committee finds itself. We carried a resolution which bound us to the terms of a Bill to come before us later for consideration. We can waste hours—those of us who do waste time—in discussing the second reading of that Bill, and our labours can come to nothing. We can also discuss it in Committee, but cannot amend a single line of it.

Mr. MATHEWS.—The Chairman did not say that.

Mr. ANSTEY.—We can discuss the Bill clause by clause for as long as we like, and twist every sentence, but we cannot alter one line because at one stage in the past we carried a resolution which we did not understand, but which bound us to the terms of a Bill which we had not seen. God help us; we are in a nice position!

Mr. MAHONY (Dalley) [6.22].—It must be clear to the Treasurer that a majority of the Committee are of opinion that the amount of exemption should be increased. Unfortunately we are in the position of not being able to move any such increase. In order to indicate to the Minister my view in regard to exemptions, I intend to vote against clause 4.

Sir JOSEPH COOK.—I wish we could dispose of this Bill before dinner.

Mr. MAHONY.—Does the Treasurer realize the hardship that is imposed on thousands of working people?

Sir JOSEPH COOK.—I do, and I am trying to ameliorate it; but for that I get no credit. I have indicated my proposal, which will achieve what the honorable member desires better than anything he can do. What is the use of wasting time?

Mr. MAHONY.—Why not give the Committee an opportunity of declaring that the amount of exemption should be increased?

Sir JOSEPH COOK.—It is not within my power to give that opportunity.

Mr. MAHONY.—Will the Treasurer take steps to have the amount of exemption increased?

Sir JOSEPH COOK.—I have taken steps already by asking the Royal Commission to report upon the whole question.

Mr. MAHONY.—The Treasurer knows that that answer is only humbug. The Commission may not report for twelve

months, but the Bill with which we are now dealing fixes for the current financial year the amount of tax to be collected and the amount of exemption to be allowed. Although the Commission has been appointed for a month it has not yet held one meeting. What is the use of this humbug and twaddle about the Commission dealing with the matter? The responsibility of handling this question rests upon the Government, who, if they are sincere, will introduce an amending Bill to grant relief to people who are suffering an injustice. Everybody will admit that the taxation of a man who has an income of only £100 is ridiculous. Men in the working-class district which I represent are asked to submit income returns, although they know nothing about the preparation of them. If they fail to make a return they are haled before the Court and fined. Yet some of them hardly earn enough money to keep body and soul together.

Sir JOSEPH COOK.—I know the workmen of the honorable member's electorate, and I know they are not the poverty-stricken, down-trodden people he is picturing, and if I were one of them, I would resent his remarks.

Mr. MAHONY.—I am willing to introduce the Treasurer to a number of men in my electorate who would have a great deal to say to him about the inadequacy of the present exemption.

Sir JOSEPH COOK.—They are not the down-trodden poverty serfs that the honorable member describes. They are men earning a very good wage.

Mr. MAHONY.—Men in my electorate who are earning £100 and £200 per annum are called upon to pay income tax, and they resent it.

Sir JOSEPH COOK.—Of course! Even the honorable member does not like paying taxation.

Mr. MAHONY.—I am always pleased to pay my share. My only regret is that my income is not such as to require me to pay more. This question of exemption vitally affects the workers, and the Government should give it their consideration. The exemption was originally fixed when the cost of living was considerably lower than it is to-day, and when the purchasing power of money was much greater. Statistics prove that the purchasing power of money has decreased by nearly 50 per cent. since 1914. To ask a man earning £200 per annum

to pay income tax is as unjust as would have been a demand in 1914 that a single man earning £50 per annum and a married man earning £100 should pay taxation. Had such a proposal been made when the original Bill was before the House it would have been justly resented.

Sitting suspended from 6.30 to 8 p.m.

Mr. MAHONY.—I have no desire to prolong the discussion, but it must be apparent to every honorable member that there is a great deal of hardship throughout Australia on account of the low margin of the exemptions. Single men, and women too, who are in receipt of salaries of £100 per annum must find it almost impossible to live. It should be remembered, also, that even of that slender wage, a considerable sum is disbursed in indirect taxation. And it is iniquitous that married men in receipt of £156 per annum have to part with portion of that inadequate amount by way of income taxation. A man who is trying to support himself and his wife and children on £156 must find himself degrees below the bread line. A judicial inquiry in New South Wales recently determined that £3 12s. 6d. should be regarded as the basic wage. It was agreed that that was the lowest sum on which a man could maintain himself and family. Yet the Government are taxing family men whose incomes are actually less than the basic wage. Has the Government any intention of relieving the position? I ask the Treasurer to introduce an amending Bill in that direction.

Mr. McWILLIAMS.—For every shilling paid in income tax one pays £1 through the Customs.

Mr. MAHONY.—That is true, I dare say. When the present exemptions were fixed, in the early stages of the war, the value of money was far different from to-day. Comparing those times with these, the amounts of the exemptions should now be doubled. It is of no use for the Treasurer to say that the Royal Commission will inquire into this and all other like matters, and that, upon its recommendations, the Government will probably act. We are dealing with taxation proposals for the current financial year, and the Commission may not present its report for six months or twelve months. Meanwhile, hard pressed people are being compelled to pay income tax when they are in receipt, in some cases, of less than a living wage. I suggest

that the Treasurer give instructions to his officials that the tax be not collected this year from those who are placed as I have just described, pending the receipt of the report of the Royal Commission. Such action would grant a welcome measure of relief.

Mr. ATKINSON (Wilmot) [8.7].—The Treasurer has already stated that it is his intention to refer the whole system of taxation to the Royal Commission. I suggest that he call particular attention to the taxation of those who are in receipt of only £100 per annum. Incidentally, I doubt if it is worth while collecting individual amounts of £1 from these persons. True, £1 may appear to some to be only a small item, but it looms very large in the eyes of single men and women who are trying to live, in these times, on £100 a year. It is, relatively, a heavier tax upon them than is a tax of £5 or £6 upon a person in receipt of double the amount of income. I do not want to vote against the clause, but I would have supported an amendment to exempt people whose income is £100. It is unfortunate that the proper opportunity for proposing such an amendment was not seized. In the circumstances, I ask the Treasurer to recognise the strong and very apparent feeling of the Committee; and I trust that, when the report of the Commission shall have been presented, we will learn that its views coincide with our own.

Dr. MALONEY (Melbourne) [8.12].—I indorse the remarks of the honorable member for Wilmot (Mr. Atkinson). I make a special appeal to the Treasurer in the matter of deductions of charitable gifts of £20 and over. There are many people who, in the course of a year, give far more than £20 to charitable institutions, but who disburse their offerings in small amounts. The fact is that philanthropic gifts, spread over small sums, rather than provided in totals of £20 or more, often do the greater good. I ask the Treasurer to permit deductions of charitable gifts in respect of aggregates, which could be supported by statutory declaration, as well as in the matter of specific sums.

Sir JOSEPH COOK (Parramatta—Treasurer) [8.13].—All these suggestions will be carefully inquired into; but, when I am asked to bring in a special Bill for one purpose and for another, and to do so *instantly*, I must say that

I can make no such promises. I am asked by honorable members opposite to introduce a measure to deal with exemptions. How would I get on in this chamber when piloting a Bill of such a character? There are probably ten or a dozen different points involved generally, and to deal with any one of them in a general measure would mean reopening the whole question of taxation. The plain fact is that I must raise money, and that any money which I may knock off in one direction must be provided for in another. That would involve revision of the whole of the rates of taxation. As I have said more than once to-day, the entire system of taxation is to be revised. This is the last year in which the Government will collect the war-time profits tax, and that fact will entail a revision of the whole subject of direct taxation.

Mr. ATKINSON.—Or the Government could go in for retrenchment to make a saving which would counter-balance the loss from the source mentioned.

Sir JOSEPH COOK.—If the honorable member can, by means of retrenchment, reduce the estimates by £4,000,000 or £5,000,000, I invite him, with all my heart, to do so. I only hope that when gentlemen go out on this economy stunt they will take good care to see that the economy is spread evenly over all the interests represented in this Chamber, for then I would not be a bit afraid. Because it is the same with economy as with taxation; it is always the other fellow who must suffer it. However, I invite honorable members to discuss the question of economy when we are dealing with the Budget.

Mr. McWILLIAMS.—I promise the right honorable gentleman that we shall do so.

Sir JOSEPH COOK.—I hope so. The honorable member will do me a good turn if he can knock off a few millions fairly. Honorable members who talk about this being a big Budget should have seen the draft Estimates sent to me by the Departments. The Treasurer is supposed to be just a sort of sponge through which all things are to be wrung without his attempting to interfere with them, and if I had played that part this year's Budget would have been many millions of pounds in excess of what it is. One gets no credit for the expenditure he cuts down, but I want honorable members to know that the

Estimates, as presented to them, are to provide £15,000,000 less than they were when they originally came before me. It is clear that I cannot bring down a Bill for this matter of exemption alone, particularly after the wonderfully industrious way in which almost every section of the House to-night has endeavoured to get something else into the little proposal I am making. I am sympathetic with the suggestion that the exemption should be raised, and I am inclined to think that it should be done. It is a hardship to impose the minimum tax of £1 on people whose income is £100 a year. Therefore, I will have the whole matter inquired into with a view to seeing whether there is not some way out of the difficulty, and if I can find a way I will honestly follow it, but I cannot promise to come down to the House with a Bill to relieve every little difficulty that arises, particularly after my experience to-night. This little proposal of mine is getting a very bad passage. As I have already pointed out, it is only a tentative proposal for this year, because the whole system must be recast. Any one in my position would be a fool to attempt to recast the whole scheme of taxation without the fullest investigation into every phase and every side of it.

Mr. MATHEWS.—The right honorable gentleman is relying too much on the Commission.

Sir JOSEPH COOK.—I am, in the minds of men who feel that they can do all these things themselves. I am not half as confident in these matters as are most honorable members, but that is because I feel that I have a little more responsibility. I dare say that before to-day I have headed stunts similar to that which is being conducted now.

Mr. JOWETT.—I thought that the right honorable gentleman was sympathetic.

Sir JOSEPH COOK.—I am, but I do not like what the honorable member did this afternoon. I showed him my hand fully, but he had something up his sleeve. However, let that matter pass. The Government will give the fullest and most earnest consideration to the question of averaging the tax over a number of years, and the matter of the minimum tax.

Mr. AUSTIN CHAPMAN.—Good old "consideration"!

Sir JOSEPH COOK.—If the honorable member can do it, let him do it. I am

doing the best I can in a situation full of difficulties, and, apparently, with little consideration from honorable members. The position of the Commonwealth Treasurer is more difficult to-day than it has ever been in the history of Federation, and I am a bit tired of being "shot at" both inside the House and outside by every one who thinks that he can teach me how to "do the job." I do not pretend to be an expert. I regard matters as a plain man would, and I believe that I can get through all the difficulties if I am only given just a little fair play, and that is what I think I am entitled to get. I ask members not to press these matters further, promising them that they will receive the fullest and most sympathetic consideration from the Government.

Clause agreed to.

Clauses 5 to 8 agreed to.

Clause 9—

(1) Income tax shall be levied and paid for the financial year beginning on the first day of July, One thousand nine hundred and twenty.

(2) This Act shall also apply to all assessments made for the financial year beginning on the first day of July, One thousand nine hundred and twenty-one, and made prior to the passing of the Act for the levying and payment of the income tax for the financial year beginning on the first day of July, One thousand nine hundred and twenty-one.

Mr. JOWETT (Grampians) [8.25].—I move—

That the following words be added to sub-clause (2):—"Provided that nothing in this section shall be deemed to prevent the assessments for the financial year beginning on the first day of July, 1921, from being computed upon the average of the incomes for the two years, namely, 1919-1920 and 1920-1921."

I have listened with the greatest interest and attention to the rulings given by the Chair as to certain matters which cannot be added to the Bill, and amendments which are not in order; but I think that this amendment, which is quite different from others which have been submitted previously, will be exempt from Mr. Chairman's ban. It will not alter the decision of the Committee of Ways and Means, deduct from the amount of income which can be realized, or in any way vary the incidence of the tax for the year to which this Bill applies. It is in the nature of a clarifying amendment, disturbing nothing, but making clear the meaning of the resolution adopted by the Committee of Ways and Means. Sub-

clause 1 deals with the income tax to be levied during the financial year beginning on the first day of July, 1920, in respect of income earned during the financial year 1919-20, and the whole of the other provisions of the Bill apply to income earned during the same period. This remark, however, does not apply to sub-clause 2 of this section, which applies to income earned during the financial year 1920-21, upon which we have just entered, and the levying of the tax upon that income in the following financial year, namely, 1921-22. My amendment, however, makes it clear that nothing in the clause shall be deemed to prevent the assessments made during the financial year beginning on 1st July, 1921, upon the incomes earned in 1920-21, from being computed upon the average of the incomes for the two years 1919-20 and 1920-21. My object in submitting this amendment is to do justice not only to one section but to every section of the community in regard to the method of assessing income tax.

Mr. AUSTIN CHAPMAN.—What revenue would be lost as the result of the adoption of this amendment?

Mr. JOWETT.—That matter has been fully considered, and the answer is that the carrying of this amendment will not result in the loss of one penny in respect of income tax for the present financial year. We have been asked to suggest a time from which this averaging period should start, and our contention is that it should commence from the year in respect of which the assessments are now about to be made. It is not necessary, neither would it be just, to make this scheme retrospective. We propose that a start should be made upon a new basis. In that respect, for the purposes of the income tax assessments, every business will be treated on the starting year, as in Great Britain, as a new business. My object is to make it quite clear that nothing in the Bill shall be deemed to prevent incomes made during the present year, 1920-21, the assessments in respect of which will be made next year, from being averaged with the income of the preceding year, namely, 1919-20. That is in accordance with the soundest principle of finance and the fairest method of levying taxation.

Mr. FENTON.—Is the honorable member speaking for his party?

Mr. JOWETT.—I speak for myself and those whom I represent. The vast majority of my constituents are engaged in primary pursuits. I do not propose, however, that the relief which will flow from this averaging system shall be confined to the primary producers. My intention is that all income tax payers shall reap the benefit of it. Another point which I wish to make clear is that all we ask is that a man whose income, from the very nature of the occupation followed by him, is precarious, should not be called upon to pay a heavier tax than a man or woman whose income is fixed. Let us assume, for the sake of argument, that a man follows a certain occupation from which in respect of a period of five years his net income is £5,000. That represents an average of £1,000 per annum. In justice to all, we ask that a man whose income, while precarious, is on the average £1,000 per annum, should pay no more by way of income tax than a man whose income is £250 per quarter and is paid regularly, as in many cases it is, into his banking account. In five years each receives the same amount, and they should be regarded as equal before the law. It has been well said by Saint Augustine, and ought never to be forgotten by us, that "The State that is without justice is only a robber band." That reproach might be directed to some of those who resist the meting out of even-handed justice to every income tax payer or citizen.

Mr. CHARLTON (Hunter) [8.40].—The Treasurer (Sir Joseph Cook) has told us very emphatically that the Taxation Commission is going to inquire into the whole question of taxation, and will bring in a report which will enable him to adjust the income tax on more satisfactory lines. I take it that the Commission cannot bring in a report in time to enable its recommendations to be applied to assessments in respect of income earned during the present year. Under this clause, however, we are making provision for the levying of income tax in respect of income earned, not only during the financial year beginning on the 1st July, 1920, but during the financial year beginning on 1st July, 1921.

Sir JOSEPH COOK.—I think the Commission's report can be brought in in time.

Mr. CHARLTON.—Then why should we be tied up in this way in view of the fact that the Commission may be able, according to the Treasurer, to bring in recommendations in time to allow of their application to assessments in respect of the present year? We want to know exactly where we are. In order to assist the Treasurer to pass this measure we have given way to him to a considerable extent, because of his promise that he will do his very best to give effect to the wishes expressed by the Committee; but I point out that, under this clause, we are legislating in respect of incomes earned during the financial year 1920, and also the year 1921. The honorable member for Grampians (Mr. Jowett) hopes to secure the support of some of our party for his amendment. I am sorry to say that he has not made out a case that I can follow. His amendment is altogether different from that moved earlier in the proceedings, and which I would have supported.

Mr. McWILLIAMS.—We could not get it in.

Mr. CHARLTON.—Under the original amendment it was proposed that the income tax of primary producers should be based upon an average return covering a period of five years. That I should have supported, because, in common with others, I know what the primary producers have suffered from drought, especially in my own State. I wish to give them a fair deal, and to that end it would be a proper thing to permit them to average their income; but, with a general provision to permit anybody and everybody to average their incomes over two years, the Treasurer would be confronted with a considerable difficulty, because he would never know where he stood in regard to the revenue. If we provide that all taxpayers may average their incomes—

Mr. HECTOR LAMOND.—The increase in the tax would have to be made 10 per cent. instead of 5 per cent.

Mr. CHARLTON.—Even that would not meet the case.

Mr. McWILLIAMS.—The Treasurer could get a much more correct estimate of the revenue.

Mr. CHARLTON.—But he would get much less revenue.

Mr. JOWETT.—The amendment would not affect the revenue for the present financial year by one penny, because it would not apply to this year.

Mr. CHARLTON.—Exactly, because all the returns are in; but it would affect the following year very considerably, because, in clause 9, we make provision for the assessment of next year's taxation in accordance with the present assessment. Then there is a proviso which gives the option to certain individuals—it may be all of us, or only a section—if it suits them, to average their incomes over two years. If that were permissible, a man with a small income this year and a large income next year would take advantage of such a provision to his own benefit, while the man with a large income this year and a small one next year would not do so.

Mr. JOWETT.—There is no suggestion whatever in my amendment that the taxpayer himself shall have any option; it merely means that the Treasurer or Commissioner will not be precluded from adopting the averaging system when making the assessments twelve months hence.

Mr. CHARLTON.—The amendment provides that nothing shall prevent the assessment being computed on the average of income for two years.

Mr. JOWETT.—That is computed by the Income Tax Commissioner.

Mr. CHARLTON.—I take it that any one would be at liberty to average his income over the two years. If it does not mean that, it means nothing.

Mr. JOWETT.—No, no.

Mr. CHARLTON.—If this amendment is inserted it will give the right to average the income.

Mr. JOWETT.—The amendment is moved so as not to preclude the possibility of the Government doing that.

Mr. CHARLTON.—In other words, it is proposed to leave the matter to the Government. If that be so, I have no doubt the Government will stand by clause 9. It is a farce to insert a provision that will be inoperative.

Sir JOSEPH COOK (Parramatta—Treasurer) [8.49].—If it will lead to getting on with the business, I am prepared to accept this amendment.

Mr. CHARLTON.—I shall call for a division, for the amendment is a farce.

Sir JOSEPH COOK.—I hope the honorable member will not say that. I have already said I am in favour of trying some better method of averaging incomes than we have at present. During the discussion I have made that quite clear repeatedly, and I have no objection to the amendment.

Mr. ATKINSON (Wilmot) [8.50].—I should like to know really what this proposed proviso means. I ask the honorable member for Grampians whether it means that the income for the year commencing on the 1st July, 1921, and ending the 30th June, 1922, is to be computed on the average income over the years 1919-20-1920-21.

Mr. JOWETT.—Not exactly; it is not that at all. The amendment means that nothing in the Bill shall preclude that from being done.

Sir JOSEPH COOK.—There is nothing in the Bill that does.

Mr. ATKINSON.—I must confess that I do not understand the amendment, if my interpretation is not correct. The honorable member for Grampians in one breath says that my interpretation is correct, and in the next breath says that it is not.

Amendment negatived.

Clause agreed to.

Schedules—

Mr. GREGORY (Dampier) [8.54].—May I ask the Treasurer whether a special effort will be made in the future to simplify these income tax schedules. Could the Treasurer, from this schedule, inform me what would be the assessment on a net income of £380, after the usual deductions?

Sir JOSEPH COOK.—If the honorable member will sit down I shall have a try.

Mr. GREGORY.—Half-a-dozen of us here have been endeavouring in vain to make something of the problem. We have the assurance of the Treasurer that the Royal Commission will specially inquire whether there cannot be prepared a schedule that a person of ordinary intelligence may understand in some slight degree. I do not think there is one honorable member here who could work out the problems presented by this schedule.

Sir JOSEPH COOK.—Speak for yourself!

Mr. GREGORY.—I am speaking for half-a-dozen members beside me; and I hope these schedules will be made simpler in the future.

Mr. HECTOR LAMOND (Illawarra) [8.55].—I take the view that, with a constantly increasing income tax, a different formula should be applied to the computation of increasing amounts. It is a serious matter to those who are on the lower grades of incomes to have these constant increases placed on them; but the Treasury officials, apparently, take no notice of that fact. We apply exactly the same ratio of increases that we did when the tax was much lighter than it is now; and, as a result, we place a relatively much heavier burden on the small incomes than on the higher. With such a great demand as there is now for revenue we should take more notice of the inequality of incomes, and derive a larger proportion from the higher, relieving those on the border line. The conditions are entirely changed by the necessity of raising more revenue; and I hope that in the future we shall have something better than the "circle of the third degree" now presented.

Schedules agreed to.

Title agreed to.

Bill reported without amendment; report adopted.

Bill read a third time.

ASSENT TO BILLS.

Assent to the following Bills reported:—

New Guinea Bill.

Appropriation (Works and Buildings) Bill 1920-21.

NAVIGATION BILL.

In Committee (Consideration resumed from 3rd September, *vide* page 4213):

Clauses 81 to 90 agreed to.

Clause 91 (Regulations).

Mr. BURCHELL (Fremantle) [9.2].—I understand that, in reply to representations by the Fremantle Chamber of Commerce, the Minister promised that a pronouncement would be made by the Government as to the date on which Australian-owned ships, running on the Australian coast, should have the full benefit of the protection afforded by the Act. The coastal trading provisions of the Act impose definite conditions which must be complied with by Australian registered steamers before a licence can be obtained to carry passengers or cargo on the coast, whilst this Bill proposes an amendment to section 286 to allow

the Minister to grant permits to unlicensed British ships to engage in this trade, without complying with such conditions. I know that this is a thorny subject, because some parts of the Australian coast rely upon British-owned steamers for the maintenance of a reasonable service. I refer particularly to North-western Australia and to portions of the Queensland coast. The general opinion of those interested in the Inter-State steam-ship service in Western Australia is that, as the Inter-State companies have spent considerable sums of money in providing really first class vessels for the trade, and as those vessels are not fully loaded with either passengers or cargo, the companies should be given the full protection that was intended when the original Act was passed against the competition of British-owned vessels which trade between Fremantle and Adelaide. I should like to hear from the Minister as to when the Government expect to proclaim the coastal trading provisions of the Act.

Mr. GREENE.—All I can say is that we are hastening on with the necessary preparations as much as we can, and, when the organization is sufficiently complete, we hope to proclaim the coastal trading provisions of the Act, provided that at the time we are satisfied that the ships on the Australian coast are able to take care of the coastal trade with such assistance as may be reasonably anticipated from such oversea vessels as comply with these provisions of the Act.

Mr. BURCHELL.—I think the Minister's attitude is fair, and it will be approved by those whom I represent. There is no objection to British-owned steamers plying on the coast so long as they comply with the coastal trading provisions of the Act. I understand that when the Director of Navigation has organized his staff, and when shipping is normal, the coastal trading provisions will be proclaimed. I realize the difficulty that the Minister has in dealing with the outlying portions of the Australian coast, and I am glad to receive the assurance that he has given.

Mr. TUDOR (Yarra) [9.7].—I intend to move, later, to insert a new clause to prevent Asiatic or coloured labour engaging solely in the Australian coastal trade. Generally speaking, the rates of pay and conditions of employment on Australian-owned vessels are about 100 per cent.

better than those on vessels employing coloured labour. If Australian-owned ships engaged in the coastal trade are obliged to comply with certain conditions regarding wages, accommodation for crew and passengers, and hospital accommodation, we should give both the owners and the employees a reasonable amount of protection. As we are allowing a number of clauses to pass without discussion, in order to facilitate business, I hope that the Minister will allow us every opportunity to discuss those other portions of the Bill which we consider vital, and also such amendments as we think necessary for the better working of the Act.

Clause agreed to.

Clauses 92 to 95 agreed to.

Clause 96—

Section 286 of the principal Act is repealed and the following section inserted in its stead:—

"286. (1) Where it can be shown to the satisfaction of the Minister, in regard to the coasting trade with any port or between any ports in the Commonwealth or in the Territories under the authority of the Commonwealth—

(a) that no licensed ship is available for the service; or

(b) that the service as carried out by a licensed ship or ships is inadequate to the needs of such port or ports.

and the Minister is satisfied that it is desirable in the public interest that unlicensed ships be allowed to engage in that trade, he may grant permits to unlicensed British ships to do so, either unconditionally or subject to such conditions as he thinks fit to impose.

"(2) The carriage, by the ship named in any such permit, of passengers or cargo to or from any port, or between any ports, specified in the permit shall not be deemed engaging in the coasting trade.

"(3) A permit issued under this section may be for a single voyage only, or may be a continuing permit.

"(4) A continuing permit may be cancelled by the Minister upon six months' notice to the master, owner, or agent of the ship of his intention to cancel it.

"(5) The Minister shall, within fourteen days of the granting of any permit under this section, notify in the *Gazette* the issue of the permit, with particulars thereof."

Mr. GREGORY (Dampier) [9.10].—This clause permits the Minister to grant permits for vessels to ply on the north-western and north-eastern coasts without complying with the coastal trading provisions of the Act. The Committee must recognise the necessity for such permits under the existing abnormal conditions. But for the Singapore line of steamers the whole of

the north-west coast and the hinterland would have been completely paralyzed and its people ruined. Even at the present time the conditions are almost unbearable. I have received complaints from Port Hedland and other ports further north that the people had been for six weeks without a mail from Perth owing to the paucity of shipping on the coast. I think honorable members will agree with this clause giving the Minister power to grant permits for vessels owned outside of Australia to engage in this trade while existing conditions continue. When shipping is normal and the Minister is satisfied that there is sufficient shipping on the coast to meet the requirements of the people, the permits can be withdrawn. But if any steps were taken by the Government now to prevent the running of the Singapore boats on the north-western coast, the few people who are there would be ruined. If there is one thing to which Parliament should direct its attention, it is the populating and developing of the northern parts of Australia. We shall be living in a fool's paradise so long as we allow that vast Territory to remain unpopulated, as at present. I move—

That paragraph (a) be left out.

It is undesirable that any Minister should assume that, because one licensed ship was available for the service, the granting of permits to other vessels was unnecessary. He should be able to grant a permit so long as he is satisfied that the licensed shipping is inadequate for the needs of the people. Later, I shall move a further amendment to sub-clause 4 so that twelve months' notice, instead of six months', must be given of the cancellation of any continuing permit. Shipping people have to make their arrangements well in advance—possibly they may have to charter vessels for a period—and to give merely six months' notice of the cancellation of a permit would be absurd. If the Minister will agree to these amendments, I believe they will help to obtain shipping for services that mean very much to the future development of the outlying portions of the Commonwealth.

Mr. BURCHELL (Fremantle) [9.14].

—I support, generally, the remarks of the honorable member for Dampier (Mr. Gregory). Again I am requested to do so by the Fremantle Chamber of Commerce, which points out that the licensing of ships to trade on sections of the

coast that are not provided for by Australian owned and controlled steamers is of vital importance to the north-west portion of Australia. While the Minister is empowered to grant monthly, and even up to six-monthly, permits, there is also provision for the granting of continuing permits. I agree that continuing permits should cover a period of at least twelve months. That would enable those directly interested in the trade to make necessary arrangements in the matter of cargo, passenger, and mail service and accommodation. I do not agree with the honorable member for Dampier (Mr. Gregory), however, that paragraphs *a* and *b* are contradictory. I think his purpose would not be achieved if paragraph *a* were left out. On the north-west coast—apart from those of the State Steam-ship Service—there are no vessels carrying on the trade except the ships indicated, which are registered and controlled oversea. I repeat that the Fremantle Chamber of Commerce is very anxious that the period for which licences may be granted shall be twelve months.

Mr. TUDOR (Yarra) [9.19].—The north-west coast will be more affected by the proposed new section than any other part of the Australian coast-line. It should not be lost sight of that shipping generally is becoming more normal every day. A leading article in one of the Melbourne newspapers, published within the past few days, stated that ships which were saleable at the rate of about £70 per ton prior to the armistice, are now only worth about £20 per ton. If Australian owners find a profitable trade on the north-west coast, they will be prepared to cater for it.

Mr. RICHARD FOSTER.—They never were very keen upon that trade.

Mr. TUDOR.—I would not be prepared to give twelve-month permits, which would have the effect of shutting out Australian coasters which are required to comply with our legislation respecting wages and living conditions.

Mr. BURCHELL.—When the honorable member knows the general condition of the Inter-State service, he need not worry about the matter of twelve-month permits.

Mr. TUDOR.—I am not much concerned about the owners of these vessels, but am speaking from the stand-point of

their crews. No ships will be licensed to ply along the coasts of Australia unless they comply with the conditions laid down in our legislation. In our first Navigation Bill, introduced by the late Hon. C. C. Kingston, about 1904, and before the Navigation Commission was appointed, there was a clause which read to the effect that "The Governor-General may, by order, declare that the conveying of passengers between specified ports in Australia by British ships shall not be deemed engaging in the coasting trade." The purport of that clause is embraced in our existing navigation laws. It was inserted, before the construction of the east-west railway, to provide that the Orient and P. and O. liners which called at Fremantle and brought passengers east, should not be deemed to be engaged in the coastal trade.

Mr. GREGORY.—We are not worrying about the southern coast; but the difficulty is that we cannot make any distinction in the Act.

Mr. TUDOR.—The men employed on coastal traders fear that if a licence is given to an unlicensed ship, which does not comply with Australian conditions, either in the matter of accommodation or wages, they will be treated unfairly. I understand that if there are no Australian trading ships available for the north-western coastal business, there would be no objection to other vessels picking up the trade; but the men engaged on our ships do not favour the entrance of these ships.

Mr. RICHARD FOSTER (Wakefield) [9.25].—I assure the honorable member for Yarra (Mr. Tudor) that there is not the slightest desire to interfere with the conditions embodied in the Act for the protection of seamen and others. The question is one of fostering the north-western coastal trade by making provision for the issue of special permits. If such provision is not agreed upon, the people along the coast and the settlers inland will be deprived of means for getting rid of their produce and receiving supplies. The Sea Carriage Select Committee has dealt with this matter, and it has learned very definitely that there is no disposition on the part of Australian ship-owners to cater for this trade. It is not sufficiently enticing; and, so far as

the outlook for the future is concerned, the owners would not give an assurance of the likelihood of their taking an active interest in the matter.

Mr. WATKINS (Newcastle) [9.27].—

While I do not for one moment desire to harm the settlers in the north-west of Australia, it must be remembered that already boats have been plying between Melbourne and Sydney with cheap labour on board.

Mr. GREENE.—The proposed new section would not apply to cases of that sort.

Mr. WATKINS.—Those vessels are working under the Act.

Mr. GREENE.—No; the Act is not in force. The Merchant Shipping Act is the Statute at present operating.

Mr. WATKINS.—The ships are working along the southern and eastern coasts now, and will continue to do so unless we protect Australian shipping from such an invasion.

Mr. GREENE (Richmond—Minister for Trade and Customs) [9.28].—The proposed new section is not an amendment of existing legislation, but contains an entirely novel provision. Its insertion was decided upon very largely to comply with the representations of Western Australian members who desired to meet the peculiar conditions on the north-western coast. At the same time, one or two other points on our coast are in mind, which it may be found necessary, at different periods, to deal with. It is difficult to say with certainty what conditions may arise from time to time with regard to the further parts of the Australian coastline. The honorable member for Dampier (Mr. Gregory) suggests the deletion of paragraph *a*. I have no objection to that, but it was inserted with the express intention of strengthening the very position which the honorable member desires to maintain. Where it can be shown to the satisfaction of the Minister that a service, as carried out by a licensed ship, is inadequate to the needs of any port or ports in the Commonwealth, or in the Territories under the authority of the Commonwealth, and that it is desirable in the public interest that unlicensed ships be allowed to engage in that trade, he may grant a permit to an unlicensed British

ship to do so. He can also take this action if no licensed ship is available for the service. If, for instance, there is a new port, to which none of the licensed ships trading on that particular part of the coast can be sent, the Minister will be in a position to meet the new condition thus arising. The proposed new section really affords a double-barrelled protection for the object which the honorable member and the Government have in view. If the Committee desire the elimination of the Minister's power to take this action when no licensed ship is available for the service, I have no objection; but I am prepared to accept the other amendment which the honorable member has forecasted, and, if necessary, to provide that a continuing permit may be cancelled upon "not less than" six months' notice. I can well imagine circumstances where less than six months' notice may not be sufficient, either for the people already trading on the coast or for others, to make the necessary arrangements in advance.

Mr. TUDOR (Yarra) [9.35].—Under the proposed section, as printed, I think the Minister would be at liberty to give twelve months' notice of his intention to cancel a licence. In this case we are not dealing with long voyages overseas.

Mr. GREGORY.—But we are dealing with a service for which vessels may have to be chartered.

Mr. TUDOR.—If we accept the Minister's amendment, we ought also to provide for a maximum period. Perhaps the difficulty could be overcome by amending sub-section 5, and providing that, in addition to notifying in the *Gazette* the granting of a permit, the notification of any cancellation should also be gazetted, thus enabling Parliament and those most interested to know exactly what is being done.

Mr. GREENE.—I am agreeable to that suggestion, and shall draft an amendment to give effect to it.

Amendment, by leave, withdrawn.

Amendment (by Mr. GREENE) proposed—

That after the word "upon", in sub-section 4, the words "not less than" be inserted.

Mr. BURCHELL (Fremantle) [9.38].—A sub-committee of the Fremantle Chamber of Commerce, which investigated this matter, has asked for a twelve months' continuing licence, and that if the Minister desires to renew a licence for

a further period of twelve months he may also take advantage of sub-section 4 to terminate it on not less than six months' notice. I understood that the proposed section provided, first of all, for the issue of monthly licences.

Mr. GREGORY.—No; it provides for single-voyage licences.

Mr. GREENE.—Or for continuing permits which continue until such time as the Minister gives notice of cancellation, and that notice cannot be less than six months.

Mr. WATKINS (Newcastle) [9.40].—While ordinarily six months' notice may be little enough to give to any ship-owner whom the Minister wishes to drive off the coast, circumstances may arise in which there may be every reason for taking action promptly, which will be impossible if not less than six months' notice must be given. It is better to allow the Minister a discretion to give ample notice according to circumstances as they arise.

Mr. GREGORY.—We must give sufficient notice to enable persons to make their arrangements.

Amendment agreed to.

Amendment (by Mr. GREENE) agreed to—

That all the words after "section" in sub-section (5) of the proposed new section be left out with a view to insert in lieu thereof the words "or the notice of intention to cancel any such permit, notify in the *Gazette* the issue of the permit or the giving of the notice, as the case may be, with particulars thereof."

Clause, as amended, agreed to.

Clause 97 agreed to.

Clause 98 (Payment of Australian rates of wages).

Mr. TUDOR (Yarra) [9.49].—Under this clause it is proposed to amend section 289 of the principal Act by inserting at the end thereof the provision, amongst others, that—

Where a British ship, trading to places beyond Australia, is engaged upon a voyage to terminate in any part of the British Dominions, the Minister may require and take security, to his satisfaction, from the owner, master, or agent of the ship that the seamen employed on the ship during the period of her engagement in the coasting trade will be paid, on their discharge, the wages to which they are or may become entitled under this Part of this Act.

Why limit this requirement in regard to the payment of Australian wages to British ships? Should it not also apply to all other vessels?

Mr. GREENE.—Where any ship engages in the coasting trade and becomes a licensed vessel we have power to insist upon the payment of Australian rates of wages to her crew. This provision, however, relates to British ships trading beyond Australia.

Mr. WATKINS (Newcastle) [9.53].—We impose this condition upon a British ship that trades between one Australian port and another while on an outward or inward voyage. Why should not the crew of a vessel flying other than the British flag be also entitled, in the same circumstances, to Australian rates of pay? We can only impose this condition in respect of the period during which a vessel is in Australian waters.

Mr. GREENE.—That is all that this clause does.

Mr. WATKINS.—But while we insist upon the observance of this condition in the case of British ships, Japanese, American, or other vessels trading to places beyond Australia might, on an inward or outward voyage, trade between different Australian ports, and be free from this requirement.

Mr. GREENE.—They could not get a licence unless they paid the Australian rates of wages.

Mr. TUDOR (Yarra) [9.56].—Section 289 of the principal Act, which it is proposed by this clause to amend, comes within Part VI. of the Act, which deals with the coasting trade.

Mr. GREENE.—The position is, roughly, that, in the case of a foreign-going vessel, which is not a British ship, the wages have to be paid before it leaves Australia. In the case of a British ship, for the convenience of all concerned, it has been permissible for the Minister to take security that the seamen, on their discharge, will be paid Australian rates of wages in respect of the period during which she was engaged in the Australian coasting trade. The clause enables that to be done.

Mr. TUDOR.—Then I have no further comment to offer.

Clause agreed to.

Clauses 99 to 108 agreed to.

Clause 109 (Unauthorized persons acting as pilots).

Mr. TUDOR (Yarra) [9.58].—Section 352 of the principal Act provides that, in certain circumstances, "an unauthorized person may take charge of a ship as

pilot." Under this clause, it is proposed to amend that section by enacting that "an unauthorized person may pilot a ship." and that, in any such case, the master shall cause the "piloting" of the ship to be at once given up to him. A ship might go to a port at which there is not an authorized pilot, but where there might be available an unauthorized person who was familiar with the channels and the marks in the river or harbor, and could bring the vessel to her proper moorings.

Mr. GREENE.—The amendment of the principal Act, for which this clause provides, is merely to make it quite clear that, in such circumstances, the captain, and not the pilot, is in charge of the ship.

Mr. TUDOR.—That is so. I take it that the captain is left in charge, and merely gets the other man to show him in.

Clause agreed to.

Clauses 110 to 112 agreed to.

Clause 113 (When Court shall hold inquiry).

Mr. TUDOR (Yarra) [10.0].—Why is the power taken away from the Court to hold an inquiry if it thinks an inquiry should be made?

Mr. GREENE (Richmond—Minister for Trade and Customs) [10.1].—It has been found in practice that no inquiries of this nature are held except at the request of the Minister, and it is thought better that the whole responsibility should be thrown on him.

Clause agreed to.

Clause 114 (Repeal of section 368).

Mr. TUDOR (Yarra) [10.2].—This clause entirely repeals section 368, which provides—that it shall be the duty of the person who has moved a Court of Marine Inquiry, to undertake the management of the case and assist the Court by all the means in its power. Of course, it is quite possible that this is a consequential amendment on clause 113.

Mr. GREENE.—That is so.

Mr. TUDOR.—This is a serious matter. By a mere error of judgment a man's whole career may be blasted, and he may have no means of compelling an inquiry to be held. Under the circumstances grave injustice may be done.

Mr. GREENE (Richmond—Minister for Trade and Customs) [10.3].—According to the original Act, it was competent for other people to move the Court, but

by clause 113 the definite responsibility is thrown on the Minister, who must necessarily make all the arrangements for the conduct of the case. The present section is so much surplus matter.

Mr. HECTOR LAMOND (Illawarra) [10.4].—I regard this clause as a retrograde step, because it leaves a serious matter to the sport of politics. If a Minister chose to close his eyes there is no possible way in which an inquiry can be brought about, and it should be possible for somebody to move the Court in defiance of political considerations. Notwithstanding the fact that in the great majority of cases there are few departures from correct principles, it happens now and again that a Minister has to be compelled to do his duty. If there is no power to compel a hearing, it is a serious defect in the law.

Mr. GREENE (Richmond—Minister for Trade and Customs) [10.5].—The honorable member is really referring to clause 113, to which the Committee have agreed. Experience has shown that in no single case has any one but the responsible Minister moved the Court.

Mr. TUDOR.—To have an ordinary marine inquiry? I am astounded.

Mr. GREENE.—I cannot, of course, speak of my own knowledge, but that is the information supplied.

Mr. TUDOR.—Supposing that two vessels collided in the River Yarra, as has happened on more than one occasion, could only the Minister order an inquiry?

Mr. GREENE.—That has been the invariable practice.

Mr. HECTOR LAMOND.—Is it the custom to order an inquiry in every case?

Mr. GREENE.—I believe that is so; it is done as a simple matter of routine. The Committee having agreed to clause 113, it follows that nothing is to be gained by retaining this section we propose to repeal.

Mr. HECTOR LAMOND.—If an aggrieved person has not the right to compel an inquiry by the Court, we can give him the right to compel an inquiry by the Minister.

Mr. GREENE.—In actual administration, it is a matter of ordinary routine business, the Minister having nothing to gain by refusing an inquiry. I do not think that any of the dangers that honorable members have in their minds are very likely to arise.

Mr. TUDOR (Yarra) [10.7].—I raised a preliminary objection on clause 113, to what I conceive to be a weakness in the Bill. I ask the Minister whether he would have any objection to the recommitment of that clause after he has consulted his officers and others, if it is shown that I am correct in regarding the amendment as likely to prove a weakness. I have had no actual experience of Marine Boards, but I know that in Victoria it is the practice for the Marine Board, on its own initiative, to hold inquiries, and the same, no doubt, applies in every other State. At present I wish the matter left open, because it would be difficult, in the case of anything happening in Western Australia or Queensland, for those concerned to come to Melbourne to get the authority of the Minister to hold an inquiry.

Mr. GREENE.—In such a case as that, I imagine there would be the ordinary delegation of authority. If a Minister had to perform all the duties thrown on him by the Acts he administers, he would never get to bed.

Mr. TUDOR.—That, in effect, would amount to what is permitted by the original Act, and it would be better to permit the section to remain.

Mr. GREENE.—I shall make further inquiry, and if I find that there is any good reason to recommit the clause, I shall do so.

Clause agreed to.

Clause 115 agreed to.

Clause 116 (Amendment of Section 377).

Mr. TUDOR (Yarra) [10.11].—I notice that this clause substitutes the word "unsafe" for the word "unseaworthy." I submit that a vessel may be unsafe, and yet be seaworthy, as in the case of a boiler trouble, or anything of that kind, inasmuch that she could still keep afloat. I am not sure whether the section is strengthened by the change. I think the word "unsafe" is taken from the New South Wales Act and the Merchant Shipping Act. It will all depend on the definition of "unseaworthy."

Mr. GREENE (Richmond—Minister for Trade and Customs) [10.12].—This is a verbal amendment to bring this part into line with other parts of the Act. The original section was taken from the Merchant Shipping Act, from which the New South Wales Parliament also took

it, but we have used the word "unseaworthy" in the Navigation Act, and, as I say, this clause merely makes a verbal amendment.

Clause agreed to.

Clauses 117 to 120 agreed to.

Clause 121 (Powers of Minister).

Mr. TUDOR (Yarra) [10.14].—This clause amends section 413 of the Act, which provides that the Minister, or any person authorized by him, may go on board any ship, and inspect the "equipments, life-saving appliances, boats, compasses, and signals." The amendment is to strike out those words, and substitute "equipment (including the apparatus for wireless communication, if any)." Does "equipment" cover what it is proposed to strike out?

Mr. GREENE.—"Equipment" covers all.

Mr. TUDOR.—Is the definition section amended to that effect?

Mr. GREENE.—"Equipment" is defined in the principal Act.

Clause agreed to.

Clause 122 agreed to.

Clause 123 (Seal of Minister).

Mr. BURCHELL (Fremantle) [10.18].—This clause makes an alteration in the design of the seal of the Minister. What is the reason for the change?

Mr. GREENE (Richmond—Minister for Trade and Customs) [10.19].—Section 419 of the principal Act provided that the seal of the Minister should consist of the Commonwealth coat of arms in a circle surrounded by the words "Minister for Trade and Customs, Commonwealth of Australia." We found it practically impossible to design such a seal, except of an unwieldly size, the Commonwealth coat of arms being much broader than it is long. Therefore another seal was designed, from which this clause has been drafted. The wording provided for in the original Act was too lengthy, and as the word "Australia" already appeared in the Commonwealth coat of arms, and it did not seem necessary to insert it a second time, merely the words "Minister for Trade and Customs" have been placed in the surrounding garter.

Clause agreed to.

Clauses 124 to 126 agreed to.

Progress reported.

House adjourned at 10.23 p.m.

Members of the House of Representatives.

Speaker—The Honorable Sir Elliot Johnson, K.C.M.G.

Chairman of Committees—The Honorable John Moore Chanter.

Anstey, Frank ..	Bourke (V.)	Hughes, Right Hon. William	Bendigo (V.)
*Atkinson, Llewelyn ..	Wilmot (T.)	Morris, P.C., K.C.	
Bamford, Hon. Frederick	Herbert (Q.)	Jackson, David Sydney ..	Bass (T.)
William		Johnson, Hon. Sir Elliot,	Lang (N.S.W.)
Bayley, James Garfield ..	Oxley (Q.)	K.C.M.G.	
Bell, George John, C.M.G.,	Darwin (T.)	Jowett, Edmund ..	Grampians (V.)
D.S.O.		*Kerby, Edw n	Thomas Ballarat (V.)
Best, Hon. Sir Robert	Kooyong (V.)	John	
Wallace, K.C.M.G.		Lamond, Hector ..	Illawarra (N.S.W.)
Blakeley, Arthur ..	Darling (N.S.W.)	Lavelle, Thomas James ..	Calare (N.S.W.)
Blundell, Hon. Reginald	Adelaide (S.A.)	Lazzarini, Hubert Peter ..	Werriwa (N.S.W.)
Pole		Lister, John Henry ..	Corio (V.)
Bowden, Eric Kendall ..	Nepean (N.S.W.)	Livingston, John ..	Barker (S.A.)
Brennan, Frank ..	Batman (V.)	Mackay, George Hugh ..	Li ley (Q.)
Bruce, Stanley Melbourne,	Flinders (V.)	Mahon Hon Hugh ..	Kalgoorlie (W.A.)
M.C.		Mahony, William George ..	Dalley (N.S.W.)
Burchell, Reginald John,	Fremantle (W.A.)	Makin, Norman John	Hindmarsh (S.A.)
M.C.		Oswald	
Cameron Donald Charles,	Brisbane (Q.)	Maloney, William ..	Melbourne (V.)
C.M.G., D.S.O.		Marks, Walter Moffitt ..	Wentworth (N.S.W.)
Catts, James Howard ..	Cook (N.S.W.)	Marr, Charles William	Parkes (N.S.W.)
Chanter, Hon. John	Riverina (N.S.W.)	Clanan, D.S.O., M.C.	
Moore		Mathews, James ..	Melbourne Ports (V.)
Chapman, Hon Austin ..	Eden-Monaro	Maxwell, George Arnot ..	Fawknor (V.)
(N.S.W.)		*McDonald, Hon. Charles ..	Kennedy (Q.)
*Charlton, Matthew † ..	Hunter (N.S.W.)	*McGrath, David Charles ..	Ballarat (V.)
*Considine, Michael Patrick	Barrier (N.S.W.)	McWilliams, William James	Franklin (T.)
Cook, Right Hon. Sir	Parramatta (N.S.W.)	Moloney, Parker John ..	Hume (N.S.W.)
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Cook, Robert ..	Indi (V.)	Page, Earle Christmas	Cowper (N.S.W.)
Corser, Edward Bernard	Wide Bay (Q.)	Grafton	
Cresset		Page, Hon. James ..	Maranoa (Q.)
Cunningham, Lucien	Gwydir (N.S.W.)	Poynton, Hon. Alexander ..	Grey (S.A.)
Lawrence		Prowse, John Henry ..	Swan (W.A.)
Fenton, James Edward ..	Maribyrnong (V.)	Riley, Edward ..	South Sydney
*Fleming, William Mont-	Robertson (N.S.W.)	(N.S.W.)	
gomerie		Rodgers, Hon. Arthur Stan-	Wannon (V.)
Foster, Hon. Richard	Wakefield (S.A.)	islaus	
Witty		Ryan, Hon. Thomas	West Sydney
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Mackinnon		Ryrie, Sir Granville de	North Sydney
Francia, Frederick Henry	Henty (V.)	Laune, K.C.M.G., C.B.	(N.S.W.)
Gabb, Joel Moses ..	Angas (S.A.)	Smith, Hon. William	Denison (T.)
Gibson, William Gerrard	Corangamite (V.)	Henry Laird	
Greene, Hon. Walter	Richmond (N.S.W.)	Stewart, Percy Gerald ..	Wimmera (V.)
Massy		Story, William Harrison ..	Boothby (S.A.)
Gregory, Hon. Henry ..	Dampier (W.A.)	Tudor, Hon. Frank Gwynne	Yarra (V.)
Groom, Hon. Littleton	Darling Downs (Q.)	*Watkins, Hon. David ..	Newcastle (N.S.W.)
Ernest		Watt, Right Hon. William	Balaclava (V.)
Hay, Alexander ..	New England	Alexander, P.C.	
(N.S.W.)		West, John Edward ..	East Sydney
Higgs, Hon. William Guy	Capricornia (Q.)	(N.S.W.)	
Hill, William Caldwell ..	Echuca (V.)	Wienholt, Arnold ..	Moreton (Q.)
		Wise, Hon. George Henry	Gippsland (V.)

1. Sworn 27th February, 1920. — 2. Sworn 3rd March 1920. — 3. Appointed Temporary Chairman of Committees, 4th March 1920. — 4. Made affirmation, 5th March, 1920. — 5. Election declared void 2nd June, 1920. — † Sworn 11th May 1920. — 6. Elected 10th July, 1920. Sworn 21st July, 1920.

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LIBRARY.—The President, Senator Benny, Senator Bolton, Senator de Largie, Senator Gardiner, Senator Keating, and Senator Pratten.

HOUSE.—The President, the Chairman of Committees, Senator Buzacott, Senator J. F. Guthrie, Senator Rowell, Senator Thomas, and Senator Wilson.

PRINTING.—Senator Adamson, Senator Cox, Senator J. D. Millen, Senator Newland, Senator Plain, Senator Reid, and Senator Senior.

PUBLIC ACCOUNTS COMMITTEE (JOINT).—Senator Bolton, Senator Buzacott, and Senator J. D. Millen.

PUBLIC WORKS (JOINT).—Senator Foll, Senator Newland, Senator Plain.

HOUSE OF REPRESENTATIVES.

STANDING ORDERS.—Mr. Speaker, the Prime Minister, the Chairman of Committees, Mr. Atkinson, Mr. Charlton, Mr. Fowler, and Mr. Tudor.

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PUBLIC ACCOUNTS (JOINT).—Mr. Bayley, Mr. Charlton, Mr. Fenton, Mr. Fleming, Mr. Fowler, Mr. Prowse, and Mr. West.

PUBLIC WORKS (JOINT).—Mr. Atkinson, Mr. Bamford, Mr. Gregory, Mr. Mackay, Mr. Mathews, and Mr. Parker Moloney.

SEA CARRIAGE SELECT COMMITTEE.—Mr. Atkinson, Mr. Burchell, Mr. Corser, Mr. Foster, Mr. Mahony, Mr. McWilliams, and Mr. Watkins.